

Thunderstorms threaten Mississippi states

By George Graham
in St Louis

HEAVY thunderstorms swept through Missouri and Illinois yesterday morning, putting new strains on the already waterlogged barriers holding back the Mississippi and its swollen tributaries.

Weather forecasters predict five more inches of rain over the next three days, and see no sign of a break in the weather

system that has stubbornly anchored itself over the Midwest.

The Mississippi reached a crest this week at 37 feet on the St Louis depth gauge, nearly four feet higher than the previous record reached in 1973, but five feet short of the top of the city's 11-mile long floodwall.

Hydrologists and weather forecasters believe that the river really has crested,

despite the continued rain, but they warn that it could take weeks before it drops below flood stage.

"It looks like a three-tenths of a foot drop per day. We are now 17 feet above flood stage so it could take six or seven weeks to get back down," said Mr Joe Schwenk of the Army Corps of Engineers in St Louis.

As the water moves steadily downstream, records are being set in towns as far south as

Cape Girardeau, but no more than slight flooding is expected south of Cairo, Illinois, where the Mississippi is joined by the Ohio River.

Rainfall in the Ohio basin has been below normal this year.

For river users, this year's flooding has been not just higher but more prolonged than in previous years.

"This is a flood which really started back in April," said Mr

J. Thomas Dunn, general manager of Gateway Riverboat Cruises, the oldest excursion boat company on the Mississippi.

High water in April stopped Gateway's operations for five weeks, and the river never dropped much more than five feet below flood stage before rising again at the end of June.

Mr David Lane, of Canal Barge Company in New

Orleans, warns that even though he has been told river traffic can resume at 38 feet, 8 feet above flood stage, it will be a long time before operations get back to normal.

New shoals will have formed, navigation buoys will have been washed away, and barges will probably have to travel at reduced speeds to avoid endangering already weakened levees with their wakes.

"Waiting for it to come down is just the beginning of it," says Mr Lane, whose company has managed to divert traffic for one customer up the Ohio River but has otherwise had to halt its operations on the river.

In normal times the Mississippi carries around 15 per cent of all freight in the US, but an estimated 2,000 barges and 50 tugs are now tied up by the flooding.

Ex-BNL manager to face fewer charges

By Alan Friedman in New York

THE Clinton administration is planning to reduce drastically the number of charges in its indictment of Mr Christopher Drogoul, the former manager of the Atlanta branch of Italy's Banca Nazionale del Lavoro accused of making \$50m of illegal loans to Iraq.

The Justice Department's formal court filing of the new indictment, which is expected to eliminate as many as 275 of the 347 counts, could come as early as today. Judge Ernest Tamm, who will preside over the Atlanta trial which begins on September 8, was informed of the change by prosecutors last week.

Officials involved in the long-running BNL case say many of the charges about to be dropped appear to relate to allegations that Mr Drogoul misled the US government about the loans. If this is so, it would amount to a tacit admission that at least some US government agencies had knowledge of the Iraqi loans.

The BNL indictment, first brought in February 1991, charged Mr Drogoul with false statements to bank regulators, money laundering, defrauding BNL's Rome headquarters and misleading the US government.

The Justice Department has yet to address the issue of BNL loans being used to fund US and European companies that contributed to Iraq's missile, nuclear and chemical weapons projects.

Controversy has dogged the case for two years and Democratic allegations of a cover-up by the Bush administration were made during last year's presidential election campaign. Former president George Bush recently received a subpoena from Mr Drogoul's lawyers to testify in the trial.

In a related development, it has been learned that the US Federal Reserve, which has reopened its BNL investigation, is planning to question bank officials in Rome next month.

Ontario appeal for HIV tests

By Bernard Simon in Toronto

THE Ontario government has urged any of the province's 9m residents who had a blood transfusion between 1978 and 1985 to be tested for the HIV virus. The warning stems from the growing number of cases which have come to light of people who were infected with the virus before blood was screened closely for it.

Mrs Ruth Grier, the province's health minister, estimated tests could involve tens of thousands. The chief medical officer has written to all doctors in the province.

Toronto's Hospital for Sick Children has identified at least five HIV-positive cases since issuing a similar call earlier this year for patients who received blood transfusions in the early 1980s. None of these patients has so far developed AIDS symptoms.

Canada began enforcing heat-treatment of blood prod-

ucts, which kills the HIV virus, in November 1985. However, allegations have been made that the government and the Red Cross, which collects blood donations, delayed the heat-treatment regulations.

A Canadian television documentary claimed earlier this week that the Red Cross continued to stock blood products that had not been heat-treated for several months after warnings by the government that reliance on these products "cannot be justified".

The federal government offered compensation packages of C\$120,000 (\$94,000) in 1989 to any haemophiliac or hospital patient who contracted HIV through a blood transfusion.

So far, about 940 people, including 266 blood-transfusion recipients, have qualified for the payments. Any recipient is required to waive future legal claims against the government. Several provinces have also agreed to pay compensation.

Clinton has talks with exiled Haiti president

By Nancy Dunne
in Washington

PRESIDENT Bill Clinton yesterday met Haiti's exiled president, Fr Jean-Bertrand Aristide, to discuss plans to return him to power, saying: "There's a major potential for a victory for democracy." Mr

Clinton was expected to announce US participation in an international force to help retrain Haiti's army and work on military construction.

Fr Aristide, due to return to office on October 30, is expected to name Mr Robert Malval, a respected businessman and a centrist, as his prime minister.

Castro looks to the dollar for help

Legalising foreign exchange aimed at saving economy, writes Damian Fraser



Daniel Ortega, former Nicaraguan president, left, Fidel Castro, and Cuauhtémoc Cárdenas, leader of Mexico's Revolutionary Democratic party, at a gathering of leftist leaders in Havana this week

FOR 30 years no Cuban has legally possessed a US dollar or any other foreign currency because of a law as much an instrument of economic control as a symbol of Cuban nationalism.

But with the economy in ruins and recent measures at resuscitating it having failed, President Fidel Castro is looking for salvation from the former enemy. His government is set to legalise the possession of all foreign currency, perhaps his most significant market economic reform yet.

Mr Castro first aired the proposal at the end of last month before the Cuban parliament. Last week Mr Carlos Lage, the reform-minded minister in charge of the economy, made it official. He told visiting foreign businessmen that new laws legalising possession and use of dollars would soon be presented to parliament.

Currency convertibility is being proposed partly in the hope that it might encourage the 1m Cuban-Americans to send hundreds of millions of dollars a year to impoverished relatives in Cuba. Under US law, an American citizen can send a relative in Cuba up to \$300 (\$200) a quarter.

But the political consequences would be far-reaching. While Cubans are increasingly using dollars as the only currency of value, and buying goods with it on the black market, the proposed reform would cause the government to cede control over the distribution of wealth. A Communist party *apparatchik* may find himself worse off than a dissident with generous donors in Miami.

The details of the law have

still to be made public. Still, Mr Lage told foreign journalists that they would have an "undeniable social impact, giving certain persons independence and access to goods, and create divisions that have not been customary since the revolution".

Cuban officials accompanying the visiting businessmen earlier sketched out a scheme where a Cuban would swap the donated dollars for dollar vouchers, with which he could buy goods in "dollar shops", while giving the government much needed foreign currency. As long as such dollar shops offered fair prices, the black market would lose much of its point.

Eventually the so-called parallel market in non-rationed goods, which closed in 1991 because of the economic crisis, might open again with all transactions carried out in dollars. The reforms, as one European diplomat commented in Havana, would constitute a necessary step in creating market prices for all non-rationed goods.

With prices pegged to dollars in the parallel (non-rationed) market, it is likely the peso would be devalued from the official rate of one to one. Even now, because of an informal "dollarisation" of the economy, one dollar buys 60 pesos in the black market.

At this exchange rate, the

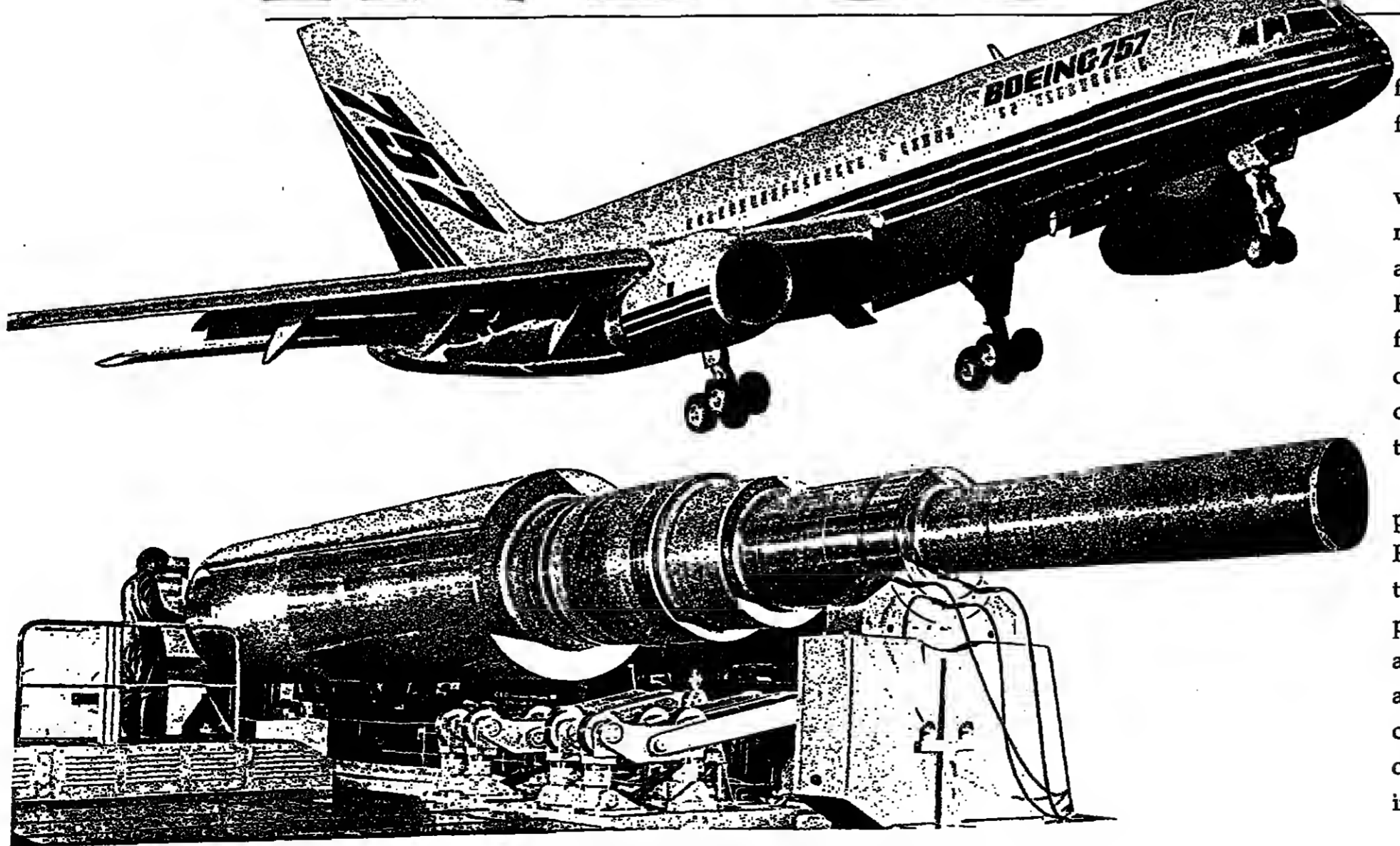
typical monthly salary now buys between \$2 and \$4 - or two to four bottles of cooking oil on the black market.

With peso salaries worth so little, the government might come under pressure to liberalise wages and allow workers, such as farmers, to sell some of their goods freely. While Mr Lage said wages would not be set in dollars, he pointedly did not exclude a return to the free market in some farm products that existed for a while in the mid-1980s.

He said the latest economic opening "was not part of a definite or final end but part of an on-going process".

The willingness to legalise the dollar and risk the political

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NEWS: INTERNATIONAL

Trial begins of LDP's former godfather on charges of tax evasion Kanemaru lodges not guilty plea

By Robert Thomson
in Tokyo

PUSHED into the courtroom in a wheelchair, Mr Shin Kanemaru, the once all-powerful godfather of the ruling Liberal Democratic party, yesterday set calmly through the first day of what is seen as the trial of the traditional Japanese way of politics.

Mr Kanemaru, 78, pleaded not guilty to evading ¥1,037bn (\$9.54bn) in taxes due on funds raised from the construction and other sympathetic industries that prosecutors say were for personal use.

However, Mr Kanemaru claims that the money was needed to realise his "cherished dream of political reform."

Raided on Mr Kanemaru's home and office uncovered a remarkable ¥50bn haul of gold bars, bank debentures and cash, part of the assets used to maintain his position as the LDP's pre-eminent power broker, fixing political disputes and backing loyal MPs. He suggested the funds were "tokens of gratitude" from enthusiastic supporters.

Prosecutors intend the case to be a warning to other politicians and their corporate donors.

Related investigations have already led to the resignation of a provincial mayor and the arrest of executives at four leading construction companies for alleged bribery.

Mr Kanemaru is alleged to have accumulated ¥1,842bn of taxable funds from 1987 and to have concealed the money through the purchase of difficult-to-trace bank debentures. Money is said to have been



Protesters demanding firm action over tax evasion carry the message "Cheer up, Tokyo District Public Prosecutor's Office - the nation is with you" outside the court before the first trial hearing yesterday of Mr Shin Kanemaru, the former LDP godfather

hidden in his bedroom.

The trial of Mr Kanemaru and his former secretary, Mr Masahisa Hahara, 49, alleged to have evaded ¥307m in taxes, comes in the middle of a debate on reform of a political system prone to scandal.

Typical of Japanese procedure, the case will be drawn

out, with the next sitting scheduled for September 7.

An unusual confession last year from Mr Kanemaru that he had received ¥500m in illicit funds from a trucking company, Sagawa Kyubin, set the case in motion after public anger that prosecutors then showed unusual tolerance in

allowing him to draft a statement from the comfort of his home.

Sensing their reputation had been tarnished, the prosecutors began a far tougher investigation into his finances and his well-known links with the construction industry, an important source of LDP funds.

The prosecutors' opening statements yesterday did not implicate other leading politicians, but it is expected that the case will prove extremely embarrassing for politicians close to Mr Kanemaru, including Mr Ichiro Ozawa, who has since left the LDP to form the Japan Renewal party.

Baghdad weapons accord spelt out to UN

By Michael Littlejohns, UN
Correspondent in New York

IRAQ has finally agreed to on-going United Nations monitoring and verification of its nuclear, chemical, biological and heavy weapons capability in a bid to have sanctions lifted, the Security Council was informed last night.

After five days of negotiations in Baghdad, Mr Rolf Ekens, head of the UN weapons inspection commission, reported the accord and disclosed that high-level technical talks on its implementation would begin in New York at the end of August.

Meanwhile, a UN technical team was due to go to Baghdad today to mount surveillance cameras at two missile sites that were at the centre of a tense confrontation between the UN and Iraq, which had refused until this week to permit such installation.

The cameras will not be activated immediately and that question will be among those to be discussed in the forthcoming negotiations.

However, Mr Tariq Aziz, the Iraqi deputy prime minister, provided what Mr Ekens termed explicit assurances of "adequate notice" prior to any test firings and to facilitate inspections whenever and as often as the commission deemed necessary.

At a press conference, the UN official voiced confidence that his inspectors would soon learn of any Iraqi attempts to fire rockets, even those up to a range of 150km permitted under the ceasefire resolution, let alone rockets above that limit.

In response to Iraq's request for the lifting of sanctions in return for its co-operation, he had undertaken to report to the Security Council if and when Baghdad was in full compliance with all of the provisions relating to weapons.

He noted that the imposition of the oil embargo was linked directly to those provisions. Still, it would be for the Council to decide how to respond.

The US and Britain are said to want to insist that Iraq first observe the resolutions concerning human rights, including those of the Kurds and Shi'as.

Mieno expects recovery to be weak

By Robert Thomson

MR YASUSHI MIENO, governor of the Bank of Japan, yesterday forecast a weak economic recovery late in the year, toning down the bank's previous forecasts of a "mild" recovery in coming months and stirring expectations of a cut in official interest rates.

The Bank of Japan has yet to concede that the weakening economy has hit bottom, but the more optimistic Economic Planning Agency yesterday suggested that "signs of recovery" were already emerging,

based on an increase in public spending from a stimulatory package in April.

Officials at the bank and the EPA admit that the package has done little to stimulate personal consumption and capital spending, cited as causes of the unexpectedly long downturn and of the bank's increasingly gloomy outlook for recovery.

A spate of indicators this week suggests that the economy turned down again in May after appearing to have touched bottom. For the first time in four months, the EPA's index of leading indica-

tors fell below the 50 per cent line between "boom and bust," while household spending was down 1.8 per cent.

Japanese government officials are concerned that the yen's rapid appreciation and political instability are undermining prospects for recovery.

There are doubts about the ability of the Liberal Democratic party, which has lost its parliamentary majority, to push through measures such as income tax cuts.

Political instability has prompted Japanese businesses to turn to the Bank of Japan,

which is resisting calls for the official discount rate to be cut from 2.5 per cent to 2 per cent, arguing that the present level is not a barrier to economic recovery.

Meanwhile, Mr Mieno told a conference of regional bankers they must continue to confront their growing pile of non-performing loans and attempt to improve asset quality.

He has encouraged banks to deal with the problem more quickly than the Finance Ministry, which again yesterday suggested that the loans be written off in the "longer term".



Mieno: cautious forecast

Beijing acts to rein in speculators

CHINA yesterday ordered its military to stop using public funds to gamble in property and foreign exchange trading, Reuters reports from Beijing.

An order from the Central Military Commission, published in all the main newspapers, demanded that illegal uses of funds should be investigated and the culprits punished.

The attempt to rein in speculative fever in the military came as Vice Premier Zou Jiahua promised a stern measure to crack down on real estate speculation throughout the country that has caused heavy losses to the state.

The Ministry of Justice joined the campaign to restore economic order, forbidding lawyers from giving professional advice to "illegal fundraising" activities, including unapproved stock and bond issues. China is trying to reassert control over an economy that is overheating - growth is at nearly 14 per cent a year and inflation in large cities is more than 20 per cent.

"Military funds must not be put into personal savings accounts," the Central Military Commission order said. "It is strictly forbidden to speculate in foreign exchange."

The military commission, which commands the 3m-strong People's Liberation Army, ordered an end to expensive projects that have nothing to do with defence. Real estate speculation has turned much of China's countryside into a building site and sent the costs of raw materials soaring.

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Fears over China's drive to modernise armed forces

By Victor Mallet in Singapore

SINGAPORE yesterday voiced Asian concerns about China's drive to modernise its armed forces and reassert its claims to the disputed Spratly islands, as foreign ministers arrived in Singapore for a meeting likely to endorse the creation of a new forum to discuss regional security.

Mr Wong Kan Seng, the Singapore foreign minister, had talks with Mr Qian Qichen, his Chinese counterpart, on the eve of a ministerial meeting of the six-member Association of South-East Asian Nations (Asean) ahead of Asean's annual talks with its trading partners next week.

According to a Singaporean

statement, Mr Wong told Mr Qian that "some countries were concerned about China's military modernisation and its possible impact on China's position on the Spratlys. Mr Wong hoped China would reassure such countries of its peaceful intentions and said regional security dialogues were one important means of building confidence."

The Asean members - Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand - have been alarmed by recent Chinese attempts to assert control over all the islands in the South China Sea, including those claimed by Asean states and by Vietnam.

Both China and the Asean countries are anxious to protect their fast-growing economies from political instability, and both parties say they are willing to engage in security talks.

Details have yet to be finalised, but some Asean officials say a forum will be established to include Asean, its existing "dialogue partners" (the US, the EC, Japan, Australia, New Zealand, Canada and South Korea), as well as China and Vietnam and possibly India and Russia.

Several Asian countries are increasing defence spending in the aftermath of the cold war, partly because they are becoming richer and partly because they want to protect themselves as the US reduces its military presence in the region.

Pakistan devalues currency by 6%

By Farhan Bokhari in Islamabad

PAKISTAN'S new caretaker government, headed by Mr Moen Qureshi, a former World Bank official, yesterday devalued the rupee by 6 per cent in an attempt to boost exports.

The Finance Ministry said international currency movements had caused distortions in Pakistan's trade and the government had determined that a significant adjustment was required.

The move, which followed a 3 per cent devaluation on July 15, set the official rate at Rs29.85/£1 to the dollar. It was welcomed by exporters and on the Karachi stock market, where textile shares rose

in expectations of improved profits.

The All Pakistan Textile Mills Association, the leading manufacturers' association, had demanded a devaluation to overcome competition from cheaper Indian and Chinese exports.

Pakistan's export earnings in the financial year which ended on June 30 were \$6.8bn (\$4.49bn), little changed from \$6.7bn in the previous year, but far below the targeted \$8bn.

Mr Mir Afzal Khan, acting president of the Federation of Pakistan Chambers of Commerce and Industry, said: "This is a first step in the right direction. It was badly needed to compete with Indian goods." Karachi's bourse recovery, see World Stock Markets

Guerrillas in new offensive against Israel

By Roger Matthews, Middle East Editor

THE danger of a big military confrontation in south Lebanon increased sharply yesterday after Iranian-backed guerrillas launched a new offensive against Israeli positions and those held by their local allies.

At least one Israeli soldier died in the attacks launched by Hizbollah, the Lebanese Shia militia, and by the radical Palestinian faction, the Popular Front for the Liberation of Palestine-General Command, headed by Ahmed Jibril.

They attacked several positions within Israel's self-declared security zone in south Lebanon using artillery, rockets and heavy machine gun fire.

Several members of the South Lebanon Army, financed and armed by Israel, were also reported to have been wounded in the attacks.

Israel has reinforced its presence in the south of Lebanon during the past 10 days in response to Hizbollah attacks on July 8 and 9 which cost the lives of five Israeli soldiers. Lt Gen. Ehud Barak, the Israeli army chief of staff, warned this week that an attempt to wipe

out guerrilla bases would be inevitable if the attacks did not cease.

Mr Mohsen Dalloul, Lebanon's defence minister, responded that the entire country would be mobilised if it faced a large-scale invasion.

"We will not stand idly by in the face of aggression. We shall fight with all means at our disposal," he said in an interview on Voice of Lebanon.

Damascus radio has also warned that an attack on Lebanon would be considered as aggression against Syria.

Israel hit back against yesterday's attacks with artillery fire and helicopter gunships were in action against suspected guerrilla positions.

The fighting comes at a delicate moment in Middle East peace negotiations, with Mr Warren Christopher, the US secretary of state, planning a visit to the region later next week in an effort to persuade all parties to resume negotiations in Washington next month.

Hizbollah and its Palestinian allies in south Lebanon are opposed to the peace process which they believe will only result in a formal capitulation to Israeli occupation of Arab territory.

Egypt and IMF in accord on debt relief deal

By Mark Nicholson in Cairo

EGYPT and the International Monetary Fund have agreed on a draft letter of intent for a three-year extended fund facility which would trigger the debt relief of about \$3bn (\$1.56bn) owed to the Paris Club of creditor nations, and which charts the next phase of the country's structural adjustment reforms.

The letter sets the terms for Egypt's second agreement with the fund since it resumed relations with the agency in 1991. The proposed reforms will make the country's progress towards a more open, free-market economy "irreversible", Mr Abdel-Shakour Shaalan, director of the fund's Middle East department, said in Cairo.

The letter will go before the fund's board for final approval at a meeting scheduled for September 17.

Board approval is expected to depend on Egypt first taking a series of measures on tax and trade liberalisation. Approval would then lead to the relief of 15 per cent of Egypt's outstanding Paris Club debt, as it stood in May 1991 when Egypt struck its first IMF agreement, and an accord with sovereign lenders to the debt relief to progress on economic reforms.

Fifteen per cent of the total debt - which then stood at more than \$20bn - was written off in July 1991 and Paris Club creditors have said further 20 per cent will be relieved if Egypt satisfies the terms of a second IMF agreement.

Under the first accord, Egypt cut its budget deficit to 3.5 per cent of GDP from 20 per cent, halved inflation to 12 per cent, liberalised exchange and interest rates, freed prices, eased import restrictions and began to cut tariffs.

Mr Shaalan said inflation under the proposed second agreement was set to fall to 7-8 per cent, with the budget deficit falling to about 2.5 per cent of gross domestic product, largely through increases in tax coverage.

He said Egypt was unlikely to draw on the \$600m credit attached to the new facility, given the accumulation of hard currency reserves of about \$16bn during the previous agreement.

"If we continue with the reforms for three years, I can imagine the economy growing at 5 or 6 per cent annually," Mr Shaalan told Al-Ahram newspaper yesterday.

That, however, will depend on Egypt having more success with structural reforms than it has had with fiscal and monetary changes. Economic growth is at present flat, thanks partly to the effect on tourism of recent terrorist attacks but mostly to Egypt's sloth in revitalising the private sector and reforming loss-making public sector industries.

Egypt's privatisation programme is well behind schedule, mired in bureaucratic complexities and political fears about the social effects of unemployment.

The new agreement would set targets for the number of public-sector companies Egypt should bring to the point of sale - but the government has so far sold only a handful of the 85 companies and assets slated for sale under the first agreement.

'Model patient' Morocco keeps medicine down

The signs are that persisting with its textbook reforms is having the desired effect, writes Francis Ghilès

IT IS no accident that Mr Edouard Balladur, the French prime minister, has chosen Morocco as the first non-western country to visit since he came to power.

As he meets King Hassan and members of his government over the next few days, he will be lending public support to the country's economic reforms and to its strategy of tying itself ever more closely to the European Community, at a time when both policies are showing conspicuous signs of bearing fruit.

On the economic front, gross domestic product is set to grow again this year, by 2.3 per cent, after a 3 per cent drop in 1992, in spite of a severe drought at home and the continuing downturn in western Europe, its main export market.

What is significant, while Morocco's economic performance remains vulnerable to climatic changes (farming represents roughly a fifth of GDP), is that the renewed confidence is attributable mainly to a rise in manufacturing exports and increased foreign investment -

both direct results of 10 years of reform.

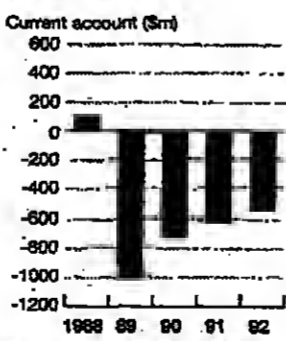
Foreign observers are now speaking of Morocco as a model for other patiens of the international financial institutions to follow. It stands "where the IMF would like countries like Egypt to be", says Mr Miles Moreland, of Blakeney Management, an investment adviser.

International investors have shown they agree: foreign investment has risen fourfold since 1985 to an estimated \$500m (\$333m) last year - spurred in part by government plans to privatise 112 companies worth an estimated \$2.2bn by the end of 1995. The privatisation programme is expected to bring \$250m worth of foreign exchange receipts in 1993.

The minister of industry and privatisation, Mr Moulay Zine Zahidi, likes to point out that in 1992 external financing in the form of foreign direct investment covered the whole of the \$500m current account deficit.

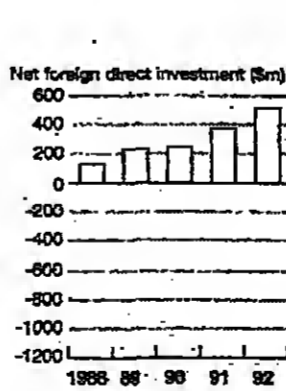
This is a marked change from 10 years ago, when

Morocco



Source: Moroccan Finance Ministry

Morocco was forced to reschedule its foreign debt. While the burden of the \$21.5bn foreign debt remains significant, with total external debt at 80 per cent of GDP, the debt service ratio (debt principal and interest payments as a proportion of export earnings) has been halved to about 34 per cent - helped by Saudi Arabia's forgiveness of nearly \$3bn worth of loans to thank King Hassan for support during the Gulf war.



Official reserves increased from virtually nil to \$3.4bn, the equivalent of more than four months' imports.

As important have been the government's textbook economic reforms. Since 1983 taxes, tariffs and subsidies have been cut. Maximum tariff levels are down from 400 per cent to 35 per cent and Morocco has become a member of Gatt. Earlier this year, the dirham became convertible for current account operations.

A budget deficit which was running at 12 per cent of GDP 10 years ago was cut to 1.7 per cent in 1992. This has been at the price of a sharp reduction in state investment but also higher tax receipts and a more efficient tax system.

Real GDP growth averaged 4.5 per cent between 1985 and 1991 while inflation was at 5.6 per cent over the same period. Positive change has been evident in Morocco's relations with the EC. Six years ago, King Hassan's declared intention of applying for Community membership was greeted in Brussels with a mixture of incredulity and scorn. Last winter, however, the EC agreed to a Moroccan request to negotiate later this year what promises to be one of the closest partnership treaties covering free trade and political co-operation between the Community and a non-EC country.

European countries (as well as the US) have also been heartened by the king's decision to act forcefully on illegal immigration and drug smuggling. This has secured

Morocco commitments of \$1bn for the development of the kingdom's northern region - the main centre of cannabis cultivation.

All this is not to say that the path of reform, however strongly the government may be politically committed to it, is problem-free. A recent report from Citicorp, the US-based banking group, cautioned: "It remains to be seen whether the Moroccan administration will succeed in balancing continuing economic adjustment with the risk of increased social instability as the unemployment rate remains high, at an estimated 20 per cent in 1992."

The reforms enacted since 1983 have increased already large income disparities and all agree that a 65 per cent illiteracy rate among men and the resulting low labour qualifications constitute a serious handicap for the expanding export sector.

A confidential World Bank study recently noted: "There has been no significant expansion [of overall manufacturing] relative to GDP since 1980,

Although recent manufacturing growth has been better than average for lower middle-income countries, out-turns are less impressive when compared with several developing countries that are Morocco's international competitors."

Moroccan manufacturing faces three further challenges. The first is to move up the technology ladder faster. There are encouraging signs. In the last five years, the export of value-added products has doubled, moving from 22 to 30 per cent of the total.

The second is to spread export activity beyond the traditional Casablanca-Rabat corridor. The country's trade performance remains critically dependent on France which accounts for nearly a third of all exports.

The third is to diversify the sources of foreign investment. Here the most notable fact is the fast rise of Spain, which is consolidating its recently won position as the kingdom's second largest trade partner and source of foreign investment after France.

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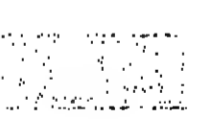
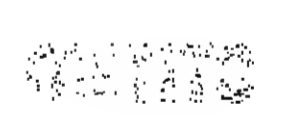
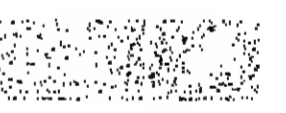
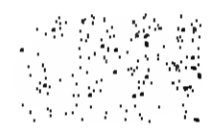
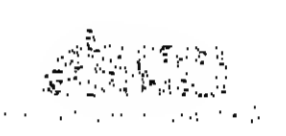
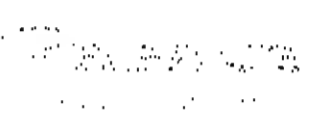
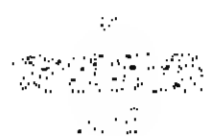
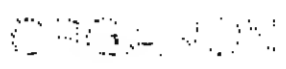
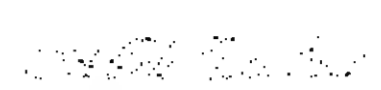
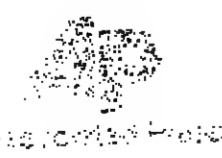
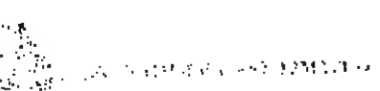
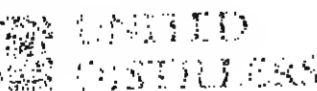
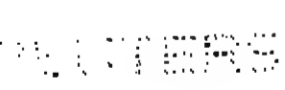
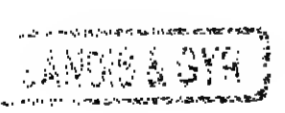
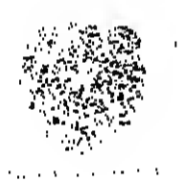
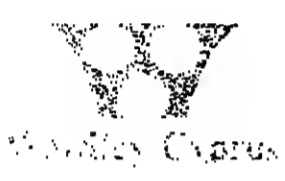
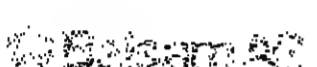
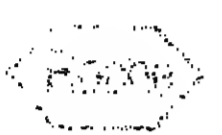
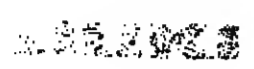
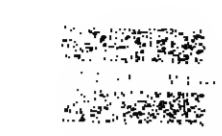
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Deutsche Telekom signs up to modernisation plan \$1bn Russian telecoms deal

By Ariane Genillard in Bonn

DEUTSCHE Telekom, the German state-owned telecoms monopoly, and Intertelekom, the Russian state-owned long distance telephone operator, yesterday signed a memorandum of understanding to co-operate on a \$1bn (£660m) project to modernise Russia's telecommunications infrastructure.

The project involves a consortium of western telecoms groups which will invest up to \$600m to install a digital overlay network connecting Russian cities with western

Europe. The Russian side is expected to invest \$400m in the project.

German officials said Deutsche Telekom was the first foreign company to sign a memorandum of understanding for the network; the final project would probably be granted to a consortium involving three of four western telecoms groups.

The memorandum was signed during a visit by Mr Wolfgang Bösch, German post and telecoms minister, to Moscow. Mr Vladimir Bulgak, his Russian counterpart, said the project would start next year.

The project, called "50 times 50", plans to build 50,000km of glass fibre cables above the normal telecoms infrastructure.

The cables will connect 50 Russian cities with 50 connecting points in the west.

Deutsche Telekom said it would use its experience in eastern Germany to modernise the Russian telecoms infrastructure. The German monopoly installed an initial 3,000km long digital overlay network in eastern Germany in 1991.

The network, which initially connected eastern and western cities within Germany, is now

replacing the original analogue network in eastern Germany. Deutsche Telekom also installed a radio system connecting telephone operators to the digital network until proper cable links are in place.

The German company is also participating in a joint venture to establish satellite links connecting the former Soviet republics and other eastern European countries with western partners.

Participants in the joint venture, called Romantis, include Bosch, the German engineering company, and Dornier, the German aerospace group.

Hitachi in deal to sell Apple PCs

By Michio Nakamoto in Tokyo

HITACHI will sell Macintosh personal computers made by Apple of the US as part of its client-server systems, the Japanese electronics group said yesterday.

The deal reflects the growing interdependence of companies in the computer industry as well as a move towards more open systems in which computer users are able to use a

combination of machines from different companies.

Hitachi will buy the PCs from Canon Sales, a subsidiary of the camera and office equipment maker which is one of Apple's main distributors in Japan.

Canon Sales for its part will sell Hitachi's workstations and servers. A server is the master computer in a PC network which stores and provides access to programmes and net-

work facilities. The deal - the first tie-up between the two companies - also calls for Hitachi and Canon Sales to develop software jointly for the new systems.

The Macintosh PCs to be sold by Hitachi will be part of its client-server systems which will use Hitachi's workstations for the central database and Apple's PCs as the client.

Apple has been making substantial inroads into the Japa-

nese computer market and, according to Dataquest, the high technology consultancy, it is in third place in market share, with 8.3 per cent of the market.

Hitachi currently sells systems using its own PCs but the company felt the growing interest among Japanese users for more open systems, and the popularity of the Macintosh in Japan, called for offering Apple's PCs in its systems.



Sharing of seeds, which was the lifeline of the Indian green revolution, is threatened

Patents plans 'sow seeds of destruction'

Shiraz Sidhva on warnings of the consequences of copyright draft

THOUSANDS of farmers gathered this week at Navaigund, a hamlet in Karnataka, 11 hours from Bangalore, to launch a seed *satyagraha*, or non-violent protest, against multinational companies in the seeds business.

They are members of a powerful association of small farmers in the lush southern Indian state who attacked the administrative blocks of the Cargill Seeds factory in Siravara near Bellary last week.

Despite the farmers having razed the buildings, Mr M D Nanjundaswamy, president of the farmers' union, insists that he is a follower of Mahatma Gandhi, and says they had "rightly and rightfully" attacked the US multinational's premises, the second action against the company in less than a year.

Cargill was targeted first, because "they are one of the biggest seeds producers in the world, who use their clout to

impoverish third world farmers," says the 57-year-old law professor-turned farmers' messiah. "Cargill and other multinationals have a philosophy that threatens the very sovereignty of the nation. And we will continue to attack them."

The average Indian farmer knows little about the Uruguay Round of the General Agreement on Tariffs and Trade which seeks to tighten patent laws in developing countries. But Mr Nanjundaswamy has taken it upon himself to interpret the implications to India of the Dunkel draft proposals on trade-related aspects of intellectual property rights (TRIPS).

"The installation of a patents regime in genes, plants and all farm inputs, where none exists, is to gain control of a nation covertly," he says.

Cargill and other companies that have set up joint ventures in Karnataka deny that they are draining Indian genetic resources. They claim that all hybrid seeds sold by the company are derived from imported germ plasma, and that yields have improved considerably since they started marketing their seeds to farmers at competitive prices.

The Karnataka farmers fear that transnational and multinational corporations, with their patent-protected seeds, chemicals, money and clout, will push them off the land.

Ms Usha Menon, scientist at the National Institute for Science, Technology and Development and a member of the national working group on patent laws, says that if India accepts the suggestions made by Mr Arthur Dunkel, former director-general of Gatt, the massive informal farmer-to-farmer seed exchange that thousands of Indian farmers depend upon will no longer be possible.

"Farmers have been getting foundation seeds from the agricultural universities and multiplying them for their own use and selling them to other farmers," she says.

"This sharing of seeds was the lifeline of the Indian green revolution and would be threatened if we accept the Dunkel proposals." It would then be obligatory for India to introduce plant breeder's rights, which would prevent both informal sales and the freedom of multiplication.

Mr P Sainath, a Bombay-based journalist whose booklet, *Patent Folly*, attempts to simplify intellectual property rights, says that the world's genetic wealth owes much to small farmers in developing countries.

"Multinational corporations are appropriating seeds and plant varieties that have traditionally belonged to developing nations, making some modifications, and patenting them to sell them back to the poorer country at much higher prices than farmers would have to pay," he says.

Critics of plant breeders' rights have argued that the world's vast bio-diversity should not be exploited for the commercial gain of a few powerful companies at little or no benefit to the country from whose resources a product is derived.

For instance, Vincristine, a cancer drug, was developed from a source grown in Madagascar, but critics say that country derives no benefit from the drug's million-dollar market.

In another case, a gene for insect resistance in soybean and maize crops was isolated from a cowpea seed from Nigeria. Two American companies have patented the seed.

Dr R B Singh of the UN's Food and Agricultural Organization says that developing nations could be excluded from certain technologies which should rightly be theirs.

For instance, a hybrid rice technology developed by the Chinese and patented by two American firms is too expensive for many farmers in China to afford. In Malaysia, oil palm research suffered when multinationals patented the wild germ plasma and were not willing to share it with researchers in the Malaysian government.

The Indian commerce ministry is still to decide whether the government should accept the Dunkel draft's final act. "We are not just going to sign on any dotted line," said Mr Tejinder Khanna, the new commerce secretary.

"Other contracting parties in Gatt should positively appreciate India's concerns, since one-sixth of the world's population lives here."

Thames to head Turkish water project

By John Murray Brown in Ankara

A CONSORTIUM led by Thames Water, the privatised UK regional utility, has signed a \$700m agreement to build and run a water supply plant in Turkey.

The plant at Izmit, south-east of Istanbul, will be operated for 15 years by Thames which will recover the investment by selling water to the municipality. The project is one of several under negotiation in Turkey using the build, operate and transfer method of financing.

Philipp Holzmann of Germany is leading a construction consortium on the Düzce (2700m) Breck dam project near the Syrian border. Enka, acting for Midland Electricity, the privatised UK power utility, together with Wing Merrill, the private US engineering consultant, are negotiating a \$1bn power plant project for the Marmara region.

Thames's implementation agreement was signed this week by the consortium and the mayor of Izmit at the end of a five-day visit to Turkey by Mr Richard Needham, Britain's trade minister. UK content in the project is worth \$240m.

The consortium still has to agree loan terms and treasury guarantees, although executives regarded the presence at the signing of Mr Osman Unsul, head of the Turkish treasury, as clear indication the government was prepared to back the deal.

The BOT concept was pioneered by Turkey's late President Turgut Ozal as a way to establish large public infrastructure without affecting the government's balance sheet, an important consideration at a time of severe budget constraints and large foreign debt payments.

The argument for BOT is that as the private sector takes the risk financial disciplines are tighter, because repayment is directly dependent on project completion.

PWT Worldwide, Thames's wholly owned subsidiary, together with the Turkish partners Gama and Guris, will conclude work on a partly completed dam, construct two pumping stations and more than 100km of mains piping. Construction is expected to be complete in 1997.

The financial package is to include Japanese aid funds, export credits, commercial loans and a 15 per cent equity portion put up by the consortium partners.

Chase Manhattan, financial advisers to the project, say the credit package will be submitted next week to the UK Export Credit Guarantee Department and other European agencies. Syndication with UK and Japanese commercial banks will follow.

Bae pulls out of Romania

BRITISH Aerospace is pulling out of Romania and suspending a licensing agreement under which the country manufactures BAC 1-11 airliners, because of lack of payment by its local partner, Virginia Marsh reports from Bucharest. Romaero, the state owned aircraft manufacturer, said yesterday it had accrued a debt of around \$10m to Bae since 1987.

The move places in doubt a \$250m contract which Romaero concluded last February to build 11 up-graded BAC 1-11s for Kiwi International, a new US airline.

US arms dealer to third world

The US became the largest seller of arms to the third world last year, while the overall sales of armaments to that market decreased, Aaron Lewis reports from Washington.

A study by the Congressional Research Service said the US was responsible for 57 per cent, compared with Russia's 9 per cent.

Worldwide weapons sales reflected Russia's reduced performance totalling only \$23.9bn last year, \$4.7bn less than in 1991.

The third world, in particular, has imported fewer weapons in the wake of the dissolution of the Soviet Union. This affected in particular Vietnam, Cuba and Syria.

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*Comprises sales, interest and other revenue. †After deducting outside equity interests in operating profit.



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Major insists he will stand by Maastricht

By Philip Stephens,
Political Editor

MR JOHN MAJOR, the UK prime minister, last night staked his administration's future on ratification of the Maastricht treaty with an unequivocal warning that he was ready to defy the House of Commons if it voted for the social chapter.

In a stormy, angry debate as MPs prepared for last night's crucial votes on whether Britain should accept the treaty's social provisions, Mr Major said nothing would deflect him from ratification of the treaty.

Accusing his opponents of cynicism and political opportunism, the prime minister said that failure to ratify Maastricht would destroy British influence within the European Community.

Amid scenes at Westminster of blatant arm-twisting, backstairs bargaining, and passionate pleading, Conservative party managers last night were still struggling to secure endorsement of Britain's social chapter opt-out.

But with the Ulster Unionists still wavering, no-one was confident of a government victory.

Mr Major sought to step up the pressure on Tory opponents of the treaty with an impassioned plea for loyalty.



TIMEOUT: MPs expected to be voting well into the night

and unity at a packed meeting of the backbench 1922 committee only hours before MPs were due to troop through the division lobbies.

He warned that imposition of the social chapter would risk aborting the economic recovery now underway, driving out British businesses and jobs to overseas competitors and undermining the flow of overseas investment in the UK.

The prime minister told the Tory rebels whatever the outcome they would fail in their attempts to wreck the entire treaty. Dismissing suggestions that he might be forced to embrace the social chapter he said the enactment earlier this

week of the European Communities (Amendment) bill had provided the authority for ratification of the original treaty.

He added: "Rarely in recent history has Parliament shown its will so effectively. Today's debate is an attempt to frustrate that will."

His comments - signalling his readiness to defy the alliance of opposition parties and Tory Euro-sceptics ranged against him - provoked outrage and warnings of a constitutional crisis from opposition leaders.

Mr John Smith, the Labour leader, accused Mr Major of threatening to ride roughshod over the will of parliament, warning that the social chapter opt-out would turn Britain into the "sweatshop of Europe".

But in defiant mood Mr Major said that yesterday's debate had no relevance to the ratification process. "Parliament if no longer debating the Maastricht treaty. The bill is now an act. In due course the treaty will be ratified."

Emphasising that Britain could not renege on its commitment, he told MPs: "If we wilfully throw away our capacity to defend our interests and promote our policies in that (European) market, I believe this country will pay a dear price for that folly in the years to come."

Stately swan in the nick of time, says smiling PM

By Ralph Atkins

MR JOHN MAJOR tried to conjure an image of serene determination. He seemed to see Maastricht as a stately swan, enjoying an inexorable drift towards ratification. This he implied, was a day for a spot of fishing or bailing the opposition parties.

But beneath the surface, government business managers paddled frantically around the Palace of Westminster, trying to keep the whole ship afloat.

The drama had begun to unfold earlier. Cabinet met, government whips began calculations. On the terrace at lunchtime, it was jolly weather for messing about with votes.

Would Mr Michael Heseltine, trade and industry secretary, have to rise from his sick bed? Perhaps a boat down the Thames from his Oxfordshire home? The nine Ulster Unionist MPs met and discussed tactics but then were silent on how they would vote.

Over lunch, Euro-sceptic Tory MPs were confident of victory. Later they were not so sure: "The social chapter is difficult for some of our boys to vote for. But the whips are running around like bees."

By evening, as Mr Major gave his end-of-term pep talk



STEPPING OUT: chancellor of the exchequer Kenneth Clarke and foreign secretary Douglas Hurd (right) leave No 10 yesterday

to the 1922 Committee, loud desk thumping hinted that his appeal to loyalty was having some impact.

In the Chamber, as rational debate turned to factions political point scoring, it was clear the plot was being

worked out elsewhere. Mr Richard Ryder, the chief whip, was not in his usual seat.

But the prime minister's performance was effective nevertheless. It was Mr Major on the soap-box, humble but passionate, grateful for support.

Cry of trespass renews battle with the courts

Maastricht case has opened very old wounds, reports Gillian Tett

WHEN Batty Boothroyd, the speaker of the House of Commons, warned the High Courts this week against trespassing on parliamentary rights on the issue of the Maastricht ratification, she was following in a tradition that is truly Shakespearean.

British political life has long been dominated by battles between those who make the laws - and those who seek to apply them.

Now the issue is to the fore again after the successful attempt by Lord Rees-Mogg, a leading critic of the prime minister, to get judges in the High Court in London to review the validity of the Maastricht ratification process.

But in spite of the historical precedent, the legal status of Mrs Boothroyd's attack would seem to be rather questionable.

In theory, at least, the relationship between parliament and the law courts is relatively clear cut. Parliament's role, under British political tradition, is to create the legislation; the courts' role is to interpret and apply it.

This means, as Betty Boothroyd points out, that the law courts have no right to legislate over parliament - unlike Germany, for example, where the courts have a constitutional right to restrain the executive if necessary.

The problems begin, though, with the fact that British law is not based on a legal code, but on a mixture of statute and precedent.

So, when a judge makes a ruling, they are contributing to its definition. In recent years, this has led to accusations that the role of the Law Lords has been expanding too fast.

But although this principle would seem to give the House of Commons moral weight in dealing with the courts, the validity of Mrs Boothroyd's attack in the Rees-Mogg case would seem doubtful.

Part of the problem is, as Professor Trevor Hartley of London School of Economic points out, that the Rees-Mogg case is not so much challenging parliament, but rather the role of the government.

Indeed, if one follows Lord Rees-Mogg's reasoning through, his case is potentially arguing that parliament should enjoy stronger powers.

However, the other problem, says Mr Paul Craig of Oxford University, is her use of "Article Nine".

When Mrs Boothroyd quoted the article from the 1689 Glorious Revolution's Bill of Rights, which declares that "The freedom of speech and debates or proceedings in parliament ought not to be impeached or questioned in any court or place out of parliament", she appeared to be suggesting that the courts did not have the right to challenge parliament's right to ratify the Maastricht treaty.

But, as Mr Craig yesterday pointed out, article nine has usually been understood to have two, quite different implications - firstly, to ensure that parliamentary debate enjoyed protection from any court action; and secondly, to ensure that the courts could not interfere in the internal proceedings of parliament.

"What the courts are being asked about here is not whether the parliament should have passed the act, but about how it is being interpreted. Does it fit the Maastricht bill?" explains Mr Craig.

Furthermore, as Mr Craig points out, it is not only the House of Commons that can use the moral weight of "article nine" - since the bill has long been law, the courts have the right to interpret and apply it. So if the House of Commons wishes to ensure that its relationship with the courts is clarified further, it seems that it may have to start again - and draft a new law.

Commons told to defend influence within Europe

MR JOHN SMITH, lead of the opposition Labour party, called on MPs to support the social provisions of the Maastricht treaty and warned the prime minister that if he sought to defy the will of the House he would have "exceeded the power of his office".

Mr Smith claimed that the debate was more about the "tattered reputation of a discredited prime minister" than the national interest.

This theme was taken up by Mr Paddy Ashdown, leader of the Liberal Democrats, the centrist third party, who also told Mr Major that if the vote went against the government "we expect him to obey it".

Alison Smith and David Owen hear the Maastricht Treaty debate

To Labour cheers Mr Smith insisted that Britain had no future as the "sweatshop of Europe", and forecast accelerating instead of relative economic decline if the policies of social devaluation which lay behind the attempt to opt-out from the social chapter continued.

Brushing aside suggestions from Conservative backbenchers that acceptance of the social chapter would mean a return to trade union domination he emphasised that it did not extend to pay, the right of association and the right to

strike. Mr Smith said Britain was alone among the 12 member states of the European Community in upholding a modest extension of its competence to such matters as the protection of health and safety of people at work and equality of opportunity between men and women.

Earlier Mr Major had delivered an impassioned warning that unless the UK honoured its obligations it would lose its growing influence within the European Community.

In a vigorous speech opening

the debate on the social chapter, the prime minister made an urgent and direct appeal to potential Tory rebels to think again before joining opposition parties in a "cynical" vote for the social chapter.

The electric atmosphere in the packed Commons chamber alternated between uproar and rapt silence, as Mr Major said that the true will of parliament had been expressed in the 71 votes in favour of the Maastricht act. They "should not be frustrated by one parliamentary motion".

If there were a free-standing

debate on the social chapter, he asserted, MPs would reject it. He had been acting "within the remit of parliament" when he negotiated the treaty, including the opt-out from the social chapter.

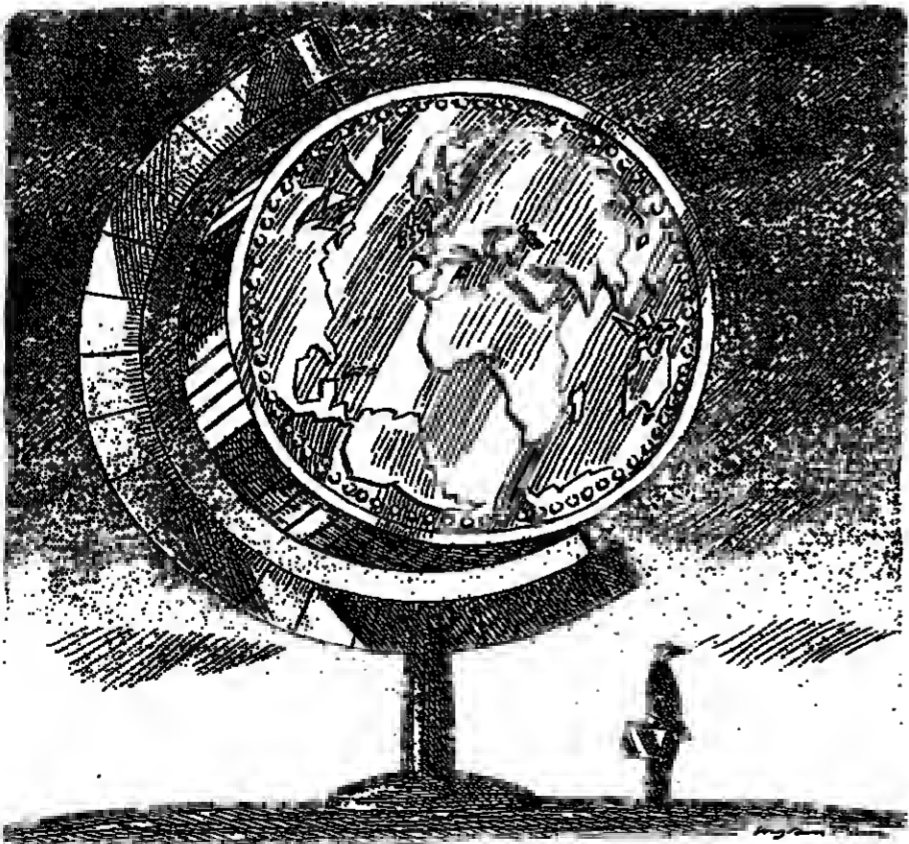
Insisting that the UK would ratify the treaty, Mr Major made it clear that the Tory Euro-sceptics were wrong to have convinced themselves that voting with Labour would prevent ratification. The unholy alliance lined up against the government was "not based on any conviction whatsoever". A vote cast with

the aim of preventing ratification of the treaty would be "a cynical and disreputable vote."

Two former rebels - Mr Michael Lord and Mr John Carlisle - intervened in the prime minister's speech to announce that they would vote with the government. "I am always delighted to accept a sinner returning home," Mr Major replied.

"The good European does not accept every piece of nonsense from Brussels because it has a European label," he said. It was just one example of the direct and plain language that marked a speech studded with soundbites for much of its 40 minutes.

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NEWS: UK

Exports slow amid fears of EC downturn

By Emma Tucker,
Economics Staff

GROWTH OF manufacturing exports slowed in the second quarter amid fears that deepening recession in other European Community countries and a stronger pound could threaten the UK's competitive advantage.

In an extensive survey covering 9,000 companies in the services and manufacturing sectors, the British Chambers of

Commerce reported that sales and orders of manufacturing exports did not improve in the three months to June. For the second consecutive quarter, only one in five companies reported higher export sales and orders.

The Chamber's overall conclusion from its quarterly economic survey was that the recovery remains broadly based and gradual, with growing domestic demand.

Small companies continue to

lag behind the bigger ones with only one in 10 small businesses enjoying growing order books. Plans to take on more employees, however, is concentrated among small companies.

The balance of manufacturing companies enjoying higher domestic sales compared with the previous quarter rose from 5 per cent to 19 per cent. There was a similarly sharp jump in the performance of service sector companies. A balance of 27 per cent of companies reported

higher quarter-on-quarter sales, against only 13 per cent in the first three months of the year.

The Chambers' main concern was UK export markets. "Our ability to compete internationally remains patchy," said Mr Christopher Stewart-Smith, president of the Chambers.

He added that although companies were less worried about inflation and the level of interest rates, there was concern that the UK's competitive edge

which followed devaluation might be eroded.

There was good news on investment. Manufacturing and service sector companies revised their investment plans upwards. The rise in sales in the second quarter has also led to an increase in the number of firms working at full capacity, with 22 per cent of manufacturers claiming to have no excess capacity at present.

Unemployment, according to the survey, continued to rise in

the manufacturing sector but was static in services. Both sectors expect to increase staff over the next three months.

The survey found that there was no easing of recruitment difficulties in the second quarter. The problems are higher for professional and managerial staff than for any other category.

In spite of the overall rise in sales and orders, business confidence rose only slightly in the second quarter.

Britain in brief



Japanese boost UK car figures

Sharp production increases by Japanese motor manufacturers pushed total UK car production in June to the highest level for a single month for nearly three years, and the highest for the month of June for 19 years.

The car industry's performance is in stark contrast to that of the main Continental car producing countries - Germany, France, Spain and Italy - where output has been falling by up to 30 per cent since the beginning of this year. Last month's output increased 4.3 per cent, to 194,753 from 187,203 in June last year. Statistics for the first five months of the year show that Nissan output up 43 per cent, to 115,244, and Toyota and Honda - each in production for the first time this year - producing 9,727 and 10,896 units respectively.

NatWest Tower 'safe and sound'

The 600 ft National Westminster Tower, a City of London landmark, has been found to be structurally sound, according to a report commissioned in the wake of the April bomb blast.

More tour groups fail

Over-ambitious expansion resulted in the collapse last year of 24 providers of air-based package holidays, the highest number on record, according to the accounts of the Air Travel Trust Fund.

The Civil Aviation Authority, which administers the fund, said it had to arrange the return to the UK of 30,416 holidaymakers whose companies had failed in the year to March 31 1993.

The cost of repatriation was

£5.6m. Over half those repatriated were customers of a break, which collapsed in September.

Brochures thrown away

The UK travel industry threw away about 40 per cent of the 120m holiday brochures printed each year, with many packages dumped unopened in bins and skips, a report published yesterday says.

The report by Green Flag International, an environmental group set up in 1990 with support from tour operators, says the total annual cost of printing holiday brochures is £86.5m - £20 for each brochure. Brochure printing accounts for more than 1m trees each year.

Lourho wins right to sue

Lourho, the international trading conglomerate, has won the right to sue the Fayed brothers for financial loss over an alleged dirty tricks campaign fought since the brothers gained control of the House of Fraser stores group.

The Court of Appeal overruled a High Court decision to strike out Lourho's claim as "an abuse of the process of the court". The feud between the two sides, involving many hard-fought court hearings, has been going on since 1985 when Mohamed and Ali al-Fayed won control of the House of Fraser stores group.

Names face legal action

Lloyd's of London could issue writs in the next few weeks on four Names unwilling to pay losses, the first such legal actions since the spring of 1992.

In another sign that attitudes towards rebel Names could be hardening, Mr Peter Middleton, chief executive, was sharply critical of an alternative business plan, circulated by Mr David Springbett, a former insurance broker.

Explaining the legal move, Mr Middleton said the market's authorities were targeting those Names - individuals whose assets support the insurance market - who "can pay but won't pay".

AT&T calls for tougher regulation of rival BT

By Andrew Adonis

AMERICAN Telephone and Telegraph, the US communications company pressing to compete in the UK, called yesterday for much tougher regulation of British Telecom.

In a submission to Ofel, the industry regulator, AT&T said BT should be forced to publish tariffs for services needed by competitors to interconnect with the BT network.

The demand goes beyond draft Ofel plans, which would oblige BT to publish full accounts for its broad "retail" and "network" businesses.

Citing the US model, where published tariffs for interconnection are the norm, AT&T claim that "unbundling" BT's costs for interconnection "is necessary to ensure that customers pay only for the services they receive".

At present, competitors to BT have to negotiate an interconnection tariff without detailed knowledge of relevant BT costs, subject to an appeal to Ofel if they believe they are being unfairly treated.

AT&T also criticises BT's control of telephone numbers, directory services and other advantages "which give it an artificially enhanced competitive position in the market".

AT&T's submission is the latest stage in its campaign to gain access to the UK market.

Results, Page 19



As part of their campaign against new government restrictions, UK trawlermen earlier this year blockaded a number of British ports, including Teesport above

FISHERMEN yesterday won the right to a judicial review of government plans to limit the number of days they may spend at sea each year, writes Alison Maitland.

The National Federation of Fisher-

men's Organisations, which says the legislation would be financially disastrous for the industry, was given leave to apply for suspension of the rules, due to take effect next January.

The NFFO said overcapacity was a

result of the government failing to pay fishermen to leave the industry under an EC decommissioning programme.

The government, facing EC demands to conserve fish stocks and cut fleet capacity by 19 per cent by 1996, has

postponed introduction of the rules from October 1 to give fishermen time to come up with alternatives. The rules will restrict some 4,500 boats over 10 metres long to the same number of days they spent at sea in 1991.

Friends of Asil Nadir protest against SFO

By Rachel Johnson
and Richard Donkin

FRIENDS of Mr Asil Nadir, the fugitive businessman, have started what appears to be a concerted campaign against the handling of the case mounted against him by the Serious Fraud Office.

Within hours of publication by Mr Nadir of a 60-page dossier of court transcripts and letters and documents, bound by the UK's strict sub-judice laws, a group of British-based Turkish Cypriots began demonstrating in Downing Street.

According to one demonstra-

tor, Mr Mustafa Gencsoy, chairman of the Turkish Association of Cyprus (Kibris Turk Cemiyeti), the 50-strong demonstration yesterday morning was orchestrated by the All-Turks Legal Support Group.

Mr Gencsoy said Turkish Cypriots were upset by the British authorities' handling of the Nadir case over the past three years.

Scotland Yard confirmed yesterday that three items, formerly owned by Mr Nadir, were taken in a daylight burglary on Wednesday from Christie's, the auctioneers. The items were being held for sale on behalf of his creditors.

Extra London runway may not be needed until 2010

By Tim King

LONDON'S AIRPORTS might not need a new runway for another 20 years, according to the government's advisers.

In a report published yesterday, a government-appointed working party has substantially revised previous estimates of the capacity of the region.

In 1990, the Civil Aviation Authority forecast that another runway would be needed by 2005 but Rucate - runway capacity to serve the south east - gives the govern-

ment and potential developers more breathing space.

The Rucate report concludes that there would be a case for a further runway at either Heathrow or Gatwick by 2010 or, if this were not provided, at Stansted by 2015.

Even without the construction of more runways, Rucate estimates that the major existing south east airports could handle a maximum of 170m passengers a year by 2015. Last year 65m passengers used the airports.

BAA, which owns and operates the three London airports

said the Rucate report showed runway capacity was not the immediate issue.

Sir John Egan, BAA chief executive, said: "BAA's priority is to build Terminal 5 at Heathrow which will make full use of the existing runways."

Rucate concluded only the four major south east airports, Heathrow, Gatwick, Stansted and Luton, offered worthwhile prospects for accommodating a new runway, although it acknowledged that the expansion of regional airports would help meet growth in overall passenger demand.

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PEOPLE

Brown benefits from ABCC's expansion

The frantic pace of change at the Association of British Chambers of Commerce over the past three years has put an increasing burden on its small staff. To keep up with the increased workload the chambers have appointed their first deputy director general.

Richard Brown, 32, formerly director of policy, has been promoted to handle the chambers' external affairs and international relations. Recent visitors to the association's cramped Westminster offices have included chamber representatives from Russia and Bulgaria and Brown has a busy programme in Europe over the next few months.

A graduate in French and Spanish from the University of East Anglia, Brown has been with the chambers for three years. Before that he spent seven years with the British

Institute of Management, ending as director of policy.

Brown will be number two to Ron Taylor, the director general and an old chambers' hand who has spearheaded the attempts to beef up the British chamber movement. The association is attempting to create a core network of some 50 chambers with the resources to match their German and French counterparts, which enjoy considerable government backing.

In January the association merged with the National Chamber of Trade which draws its members mainly from the retail sector. This boosted membership from 90,000 businesses to 214,000. Staff numbers have gone up from 20 to 26 and the association has taken a far more active role in the economic debate.

The result of all this activity



has been to give the association a far stronger role. It was previously seen as a poor relation of some of the larger local chambers in London, Birmingham and Manchester and was not taken very seriously. Brown, who lists his leisure activities as swimming and writing, has just completed his third book. Due out in October, it is a study of how implementation of the Maastricht Treaty will affect business. He has been following the Treaty's tortuous passage with close interest and some trepidation.

Insurance moves

■ Peter Fullam, chief financial officer, has been appointed to the board of IRISH LIFE.

■ Anthony Howland Jackson has succeeded James Vaughn as chairman of the HOGG GROUP. Vaughn remains on the board as non-executive deputy chairman.

■ Peter Moss has been promoted to the board of AXA EQUITY & LAW.

■ John Hawley has been appointed national sales director of Bain Clarkson, part of INCHCAPE.

■ Brian Peters is appointed md of the newly amalgamated CU MORLEY.

■ Tom Brown, md of Royal Insurance Global, and Peter Sharman, md of Royal Insurance UK, have been appointed directors of ROYAL INSURANCE.

■ Philip Scott, general manager (UK Life), and Philip Sheridan general manager (Europe and International), have been appointed directors of NORWICH UNION.

Batchelor moves into higher gear at Vauxhall

After seven years spent as executive director, sales and marketing of General Motors' Vauxhall cars subsidiary, the affable Peter Batchelor is having his responsibilities broadened to embrace all aspects of sales and after-sales care.

The title of vice chairman, commercial operations, goes with the 55-year-old Batchelor's new overall responsibility for service, parts and accessories as well as sales and marketing.

Taking over his old title is Ian Coomber, 48, also no

stranger to a Vauxhall dealer network well pleased with their franchise these days, despite the relatively poor market.

Both Batchelor and Coomber - the latter until now retail and fleet sales director - have played significant roles in Vauxhall's rise from a market share languishing around 8 per cent at the start of the 1980s to more than double that level now.

Coomber will join Peter Lord, director of after-sales, in reporting directly to Batchelor.

Derek Edwards



Derek Edwards, who was appointed chairman of Bridon in February and of Marling Industries only last month, suffered a heart attack and died on July 21. He was 62. He joined Pillar Holdings in 1961 and became a main board director when the company was taken over by RTZ in 1970. Edwards was a non-executive director of National Express and Henlys Group, a past council member of the CBI, a member of the Gloucestershire Health Authority and a member of the court of Bristol University.

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EUROPEAN BUILDING & CONSTRUCTION

Friday July 23 1993

Companies face a tough year as the economic climate remains dull. Governments are turning to the private sector for infrastructure and building projects, but the removal of Community trade barriers has so far had little impact, says **Andrew Taylor**

All quiet on the sites

THE European construction industry, like the economy of the region, is in retreat. Building output is faltering in almost every European market. Even in Germany, construction growth is expected to halve this year.

Economic recession, high interest rates and mounting unemployment have hit exports and undermined consumer confidence. Instead of spending, Europeans are worrying about their future job prospects and are saving or repaying earlier debts.

Private investment in homes and by manufacturers and service industries, accounting for about 60 per cent of European construction, has declined as demand for these products has fallen.

New car sales in western Europe declined by 1 per cent in the first six months of this year and by 5.2 per cent in June compared with June last year. German car sales in June fell by 17.4 per cent.

Companies are unlikely to invest in improved premises or new buildings while their own sales remain weak. Public sector spending on construction is unlikely to see much improvement, either.

Governments faced with declining tax receipts and struggling to contain mounting budget deficits are poorly placed to make up a shortfall in private investment.

Over-development of offices in the late 1980s has left too many empty buildings chasing too few tenants in many European cities. Financial services, which had expanded rapidly during the 1980s, have been hit particularly hard by the recession, leading to large job losses in the sector and decreasing demand for office space.

Olympia & York, the Canadian-based property developers owned by the Reichmann family, was brought to its knees, and with it several construction sub-contractors, by the failure of its Canary Wharf office development in London's former Docklands which had been expected to rival the City of London as a new financial centre.

Other European cities have also been left with large amounts of unsold and unlet office premises. This will continue to inhibit rents and sale prices even when other areas of construction start to recover.

Paris is estimated to have at least four years' supply of offices either built or in the process of construction.

French building and civil engineering markets have declined rapidly since the second half of last year, as the steep recession in construction which overtook Britain and Scandinavian countries several years earlier, spread to

other European nations. The French government has forecast that total construction output will decline by between 2 and 3 per cent this year. Contractors and building material producers, however, believe the fall will be greater.

Bouygues, one of the country's biggest builders and civil engineers, has forecast a 6 per cent fall this year in its French construction turnover, including road building. Lafarge Coppée, one of the world's biggest building materials companies, says that French cement sales fell by more than 10 per cent during the first six months of this year.

It forecasts that French cement sales will fall by about 8 per cent during the year as a whole.

Construction orders in Italy, which rely heavily on public patronage, have fallen sharply as the financial and political scandals that rocked the country have paralysed central and local government decision-making.

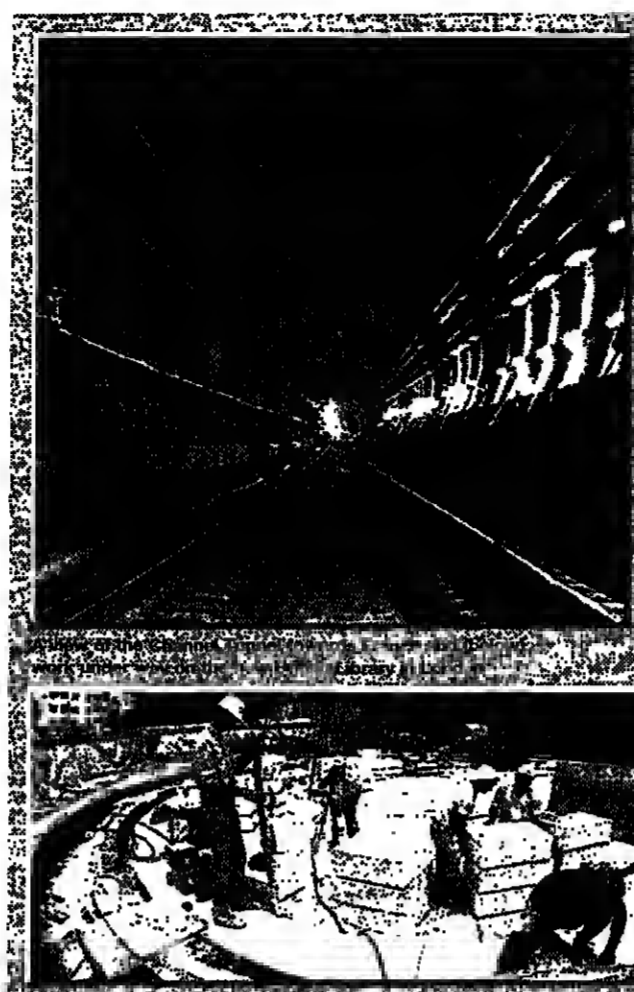
Many of the scandals involve construction and building material companies, several of which are being investigated for alleged illegal funding of political parties.

Spain, Europe's fastest growing construction market during the 1980s, has also gone into reverse as the national economy has declined and big building projects for the Barcelona Olympics and last year's World Trade Fair in Seville have ended.

The Netherlands, which sells about a third of its exports to a declining German economy, is expected this year to endure a modest fall of about 3 per cent in construction output, as is Belgium.

Other European countries likely to experience a decline in construction activity include Switzerland, Norway, Sweden and Finland which is forecast to see the biggest fall in construction output in 1993 of approaching a fifth.

The disintegration of the Soviet Union, previously Finland's most important trading partner, has severely reduced export opportunities for the Finnish construction and building materials industries. The severe economic and political problems facing some former communist eastern European countries has meant that construction opportunities, despite the high demand for new and improved infrastructure in these markets, have failed to materialise in the way that had been hoped.



IN THIS SURVEY

Dynamism can emerge from Soviet wreckage

Much of the former Soviet construction industry is in crisis. But a dynamic Russia should emerge from the wreckage of communism early in the next century. And western construction companies are set to play a vital part in reconstructing the country's economy

☐ Germany: eastern bonanza is some way off
☐ UK activity: downturn in prospects after bright start to year Page 2

☐ Italy: political scandal holds up contracts
☐ France: Balladur's public works plans Page 3

☐ Nordic countries: scars may take long to heal
☐ Netherlands: return to growth from 1994
☐ Spain: dams lessen the drought Page 4

political problems facing some former communist eastern European countries has meant that construction opportunities, despite the high demand for new and improved infrastructure in these markets, have failed to materialise in the way that had been hoped.

Political uncertainty in many of these countries has made it very difficult to raise finance from the developed world for much needed civil engineering, industrial and housing projects.

The exception is in eastern Germany where the house construction and renovation, in particular, is growing rapidly according to Lafarge Coppée. Redland, Europe's biggest roof tile manufacturer, RMC, Europe's biggest concrete pro-

ducer and a large cement producer in eastern Germany, and BFB Industries, Europe's biggest plasterboard manufacturer, have all reported strong German sales during the first six months of this year, particularly in the eastern region.

Overall growth in German construction is forecast to halve this year to 4 per cent, following a 9 per cent rise in output last year. In spite of slower growth, the industry remains strong, outperforming the rest of a German economy struggling to meet the cost of integrating the former east German republic.

By comparison, Britain which, like some Scandinavian countries, entered the recession earlier than many of its other European rivals, is still

struggling to get over the decline in activity.

A revival in UK house sales has slowed since the spring, although these are still likely to be higher this year than last. Other areas of construction remain severely depressed with investment in private industrial and commercial premises not expected to improve until there is a more sustained recovery in the rest of the UK economy.

Even when construction output starts to pick up in European markets, the recovery may be labourled and is likely to lag general economic recovery.

EuroConstruct, representing construction research agencies and economic forecasting bodies in 15 European countries,

expects output in the region to fall by 1.9 per cent this year with only a 0.2 per cent rise expected next year.

The downturn, although depressing, is not as bad as the construction decline in the early 1980s, says EuroConstruct. The exceptions are in Finland where the fall in building and civil engineering orders is the worst since the 1930s; and in the UK where falling construction output has been compounded - unlike in previous recessions - by falling commercial and residential property prices.

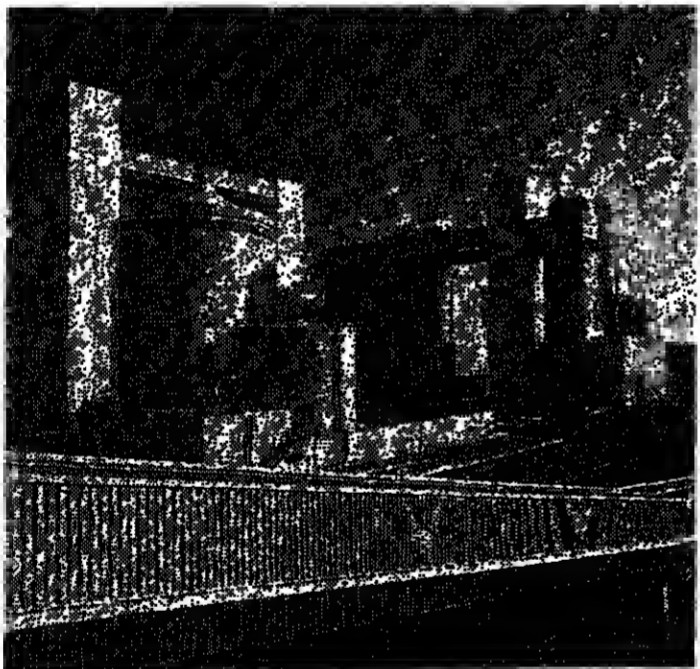
The German housing market provides the brightest perspective in an otherwise depressing European construction outlook. The number of housing units completed by builders in

western Germany is expected to rise from 375,000 to 420,000 this year. The last time this was achieved was in 1977. Housing investment in eastern Germany is expected to rise by 25 per cent this year with the number of units completed rising to 30,000.

The sluggishness of European construction markets means that the removal of trade barriers between European Community countries has so far had little impact on international contractors, which have fared better in the booming construction markets of southern Asia. That situation seems unlikely to change much over the next 18 months.

European Construction Forecasts 1993/94, EuroConstruct, France House, 38 Kingsway, London WC2B 6TF, 0203.

Italcementi



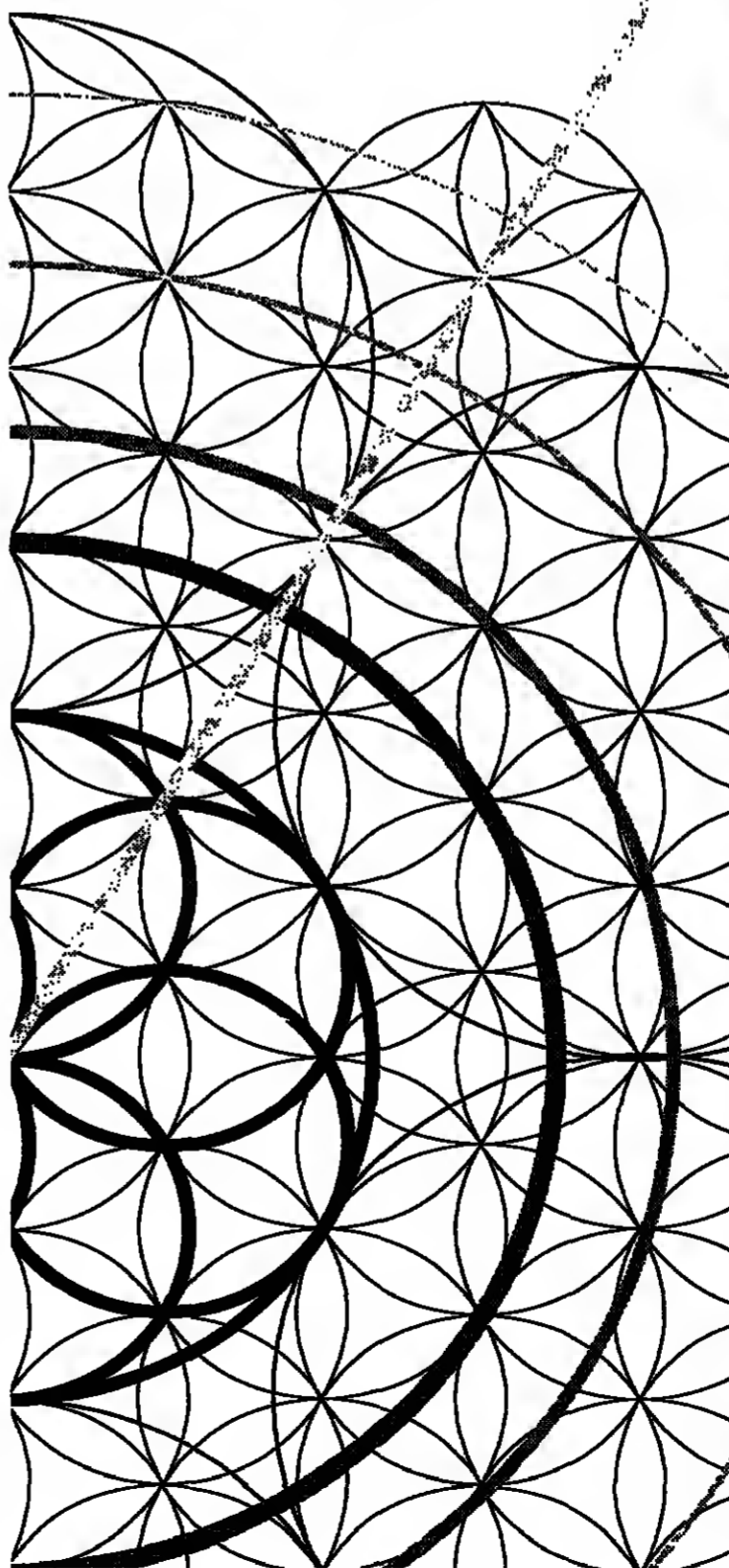
The new cement plant in Salerno-Italy

Established in 1864, Italcementi has grown into the biggest cement manufacturer in Italy and in Europe. Through the acquisition of Ciments Français, it has reached a worldwide position of leadership in the sector; this has been possible thanks to the competence of the men, the high technology of the manufacturing plants and the quality of the products. A long and consolidated tradition helps Italcementi in its strive toward internationalisation. Italcementi thrives as a system of knowledge, materials and services realized by twenty thousand men in sixteen different countries.



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EUROPEAN BUILDING AND CONSTRUCTION 2

The face of former communist eastern and central Europe is being transformed, writes Anthony Robinson

Dynamism can emerge from the wreckage

THE Soviet Union, which was built during a dozen five-year plans interrupted only by war and post-war reconstruction, crumbled virtually as it was being built. The mighty dams, steel plants and factories of the first five-year plans were built with forced labour fresh from the countryside, using poor quality steel and worse quality cement. Housing was neglected for three decades, except for a handful of Gothic skyscrapers in Moscow and other cities and the blocks built largely by German prisoners of war in the immediate postwar period.

Then came the shoddy, barracks-like housing blocks with cheap, tar-paper roofs, low ceilings and poky rooms built around the fast-growing cities by Khrushchev in the late 1950s and 1960s. Finally, Russia was disfigured by endless rows of uniform, factory-built housing blocks which made Soviet cities virtually indistinguishable, whether in the freezing tundra or the semi-deserts of central Asia.

All were built the same way from concrete panels assembled on site by giant cranes during President Brezhnev's long, mediocre regime in the twilight years of communism.

As a general rule, anything of architectural merit in the Soviet world was either built before the revolution or in that brief post-revolutionary moment when architects like Menshikov and the constructivists managed to put up the odd house or trade union office in super-modernist style.

The low quality of most construction work, and the combined effects of poor maintenance and a harsh climate, have left Russia and the post-Soviet republics with an inadequate and decaying housing stock, over-sized factories, dangerous nuclear power stations and rotting infrastructure - from railways to highways which need replacing fast.

The collapse of the official economy, however, has led to cutbacks in mass housing and other building works, but a boom in private dacha building around Moscow and the big cities.

Longer term, the collapse of

central authority and rapid, if chaotic, privatisation is expected to lead to a spate of largely uncontrolled building of low rise housing in the outer suburbs and a huge volume of small-scale renovation work as owners of newly privatised shops and flats make good decades of neglect.

The first indications of this are already apparent. But the clearest signs of things to come can be seen in former communist east and central Europe where the face of the cities and even villages has been transformed by such developments over the last three years.

Eventually, the reformation of the economies of Russia and other former Soviet republics, especially the energy and raw material rich ones, will create demand for repairs, facelifts and new construction which will in itself become a powerful engine of future growth.

This internally generated dynamic will be assisted by bil-

lions of dollars of international aid money and foreign finance, initially from the World Bank and other institutional lenders, which will find tangible expression in the building of telecom-

Western companies will play a vital part in reconstructing the Soviet economy - after confusion gives way to a clear set of rules, backed by law

munications networks, the rebuilding and expansion of road and rail links, the modernisation of ports and airports, and a crop of new warehouses, new offices and hotels, new factories and refineries across the board.

At present, much of the former Soviet construction industry is in crisis; it needs a massive infusion of new ideas, new equipment and new management. But those who can look beyond the current and inevitable political turmoil and confusion see an economically dynamic Russia emerging from

the wreckage of communism in the early part of the 21st century. It will be then on the way to fulfilling the potential for growth and development which made Russia the fastest-

Soviet economy, once Russia and other resource-rich states such as Kazakhstan and Azerbaijan earn the hard currency needed to buy services and attract investment from abroad. They will come in after the current confusion over laws, ownership and political competence is replaced, as it surely will be, by a clearer set of rules backed by law and a remodelled state.

What can be achieved is already visible in Poland, Hungary and the Czech republic which are the main recipients of foreign investment but also the most advanced in revamping their laws to European standards, stabilising their currencies and establishing government according to parliamentary rules.

Exhult, the privatised Polish construction company now quoted on the Warsaw stock exchange, is one of many Polish construction companies which is not only busy build-

ing western-style factories, hotels and office blocks in Poland but is among many central European construction companies helping to rebuild eastern Germany and win contracts in western Europe and further afield.

At the same time western construction companies, architects and building service companies, including British construction companies such as Bovis, are actively seeking work in the region. In one notable development YRM, a UK-based building design consultancy with several overseas hotel projects behind it, has joined Higgs and Hill (Overseas) and the city council of Prague district 6 in a consortium to design and build a world-class hotel and office complex in the grounds of the Prater hotel. Built in 1981 for the exclusive use of the Communist party central committee, this boasts a large park, is close to the city and only 10

minutes from the airport. Meanwhile, central European cement and glass companies have been high on the list of foreign investors anxious to secure new, low-cost sources of construction materials in anticipation of a long and sustained boom in construction work over the next decades.

Similar thinking lies behind a raft of strategic investments by Asea Brown Boveri, Siemens, General Electric, Westinghouse and other energy-related engineering companies. All believe that big contracts will eventually come their way as east and central Europe makes safe its Soviet-designed nuclear power plants and tackles air and water pollution problems by installing new anti-pollution equipment or replacing wasteful and polluting old plant.

In the meantime, their investment in modernising production facilities in this region is already paying off by giving the parent companies new, low-cost, sources of components and equipment which help to keep overall costs low and improve competitiveness in western markets where wage costs of skilled workers are often 10 times higher.

Andrew Taylor reports on a downturn in prospects

UK activity fails to sustain a bright start to the year

OPTIMISM that the worst UK construction recession in memory might be loosening its hold has evaporated since Easter.

The revival in the UK housing market, which contractors and building material producers hoped would presage a more general recovery in construction, has weakened as consumer confidence has deteriorated.

Office building is unlikely to recover even if other areas start to improve.

Inquiries from potential purchasers have slowed as concern about the state of the British economy has failed to ebb. The outlook for other areas of construction also remains weak. Private investment in factories, shops and offices is unlikely to recover until other manufacturing and service industries see some improvement.

The general consensus

among contractors and building material producers is that the industry is either bumping along, or, only very gently, floating off the bottom. They are still waiting for indications that a more enduring revival is about to take root.

Overbuilding during the late 1980s means that office construction is unlikely to recover even when other areas start to improve. Office building by the end of this year is expected to be running at almost half the peak level achieved in 1990.

Industry forecasts suggest that the fall in total construction output, including repair and maintenance work, could be restricted this year to just 0.5 per cent depending on the strength of the recovery in the private housing market.

This would follow output declines of 5.5 per cent in 1992 and 9 per cent in 1991 according to the joint forecasting committee of the construction industries. The committee, which includes representatives from government, contractors,

building material suppliers, banks, building societies and large industrial customers, is forecasting only a 0.5 per cent rise in construction next year.

Companies, therefore, are desperately concerned that ministers should not seek to cut public spending on construction as they battle to reduce a public sector borrowing requirement that is forecast to reach £50bn this year.

Sir Robin Biggam, chairman of BIOC, the engineering group which owns Balfour Beatty, the construction company, says a reduction in government spending on road programmes, or the curtailment

of projects such as the extension to the £1.8bn Jubilee underground in London, would ensure that any tentative recovery would be "halted in its tracks".

The underground extension has been delayed by differences between the government and bankers of the failed Canary Wharf Docklands office over the private sector's £400m contribution. Contracts for large parts of the development have been agreed in principle. It is one of the very few big projects where construction could start almost immediately. To lose the work would be a serious blow.

Work is so short that profit margins on many construction jobs remain low to non-existent with contractors bidding at prices that barely cover expected costs. In some cases jobs are being taken at a projected loss with contractors hoping to make up margins by making claims against changes in design and contract specifications which occur on many jobs. Construction lawyers are likely to be very busy over the next few years.

Increased prices for plasterboard, structural steel, glass and concrete, announced earlier this year, are adding to the concerns of contractors,

already working on very low margins.

Sir Brian Hill, president of the Building Employers' Confederation, the largest employer organisation, warned earlier this month: "Our markets are suffering from a lack of consumer confidence caused by political and economic uncertainties, speculation about possible tax increases and a continuing fear of unemployment."

"This is having a particularly severe impact on the private housing market which, having shown an improvement in prospects in the spring, has now faltered with reservations

and house sales falling since the beginning of May."

A confidential survey of sales returns by 15 of the country's largest housebuilders, compiled by the Housebuilders' Federation, reveals a sharp fall in visitors to show houses since the beginning of May.

Net reservations - sales on which deposits have been paid, less cancellations - rose by about 10 per cent during the first two weeks of June compared with the corresponding weeks last year. Weekly sales this spring were running more than 35 per cent higher than last year.

At one stage during a four-week period at the end of March and the beginning of April, net reservations were as much as 50 per cent higher than last year.

House sales traditionally slacken during the summer and builders hope that they will see a return to much higher levels of demand in September and October. Comparisons ought to look good

against last autumn, when house sales plummeted as interest rates fluctuated wildly ahead of Britain's decision to withdraw sterling from the ERM.

Builders, nonetheless, remain very nervous. They are concerned that some of the steam appears to have gone out of the market after a good start to the year.

Until the UK housing mar-

A sharp fall in visitors to show houses since the beginning of May

ket starts to enjoy a more consistent revival, it is hard to see other areas of construction recovering. A recovery in general contracting may not occur until 1995. Trading conditions are likely to remain tough. Building material producers, however, may be helped by lower costs and higher prices as conditions start to ease.

Construction Forecasting and Research, 28 Regency, London WC2R 0ET.

Why the outlook for the industry in Germany is now less cheery

Bonanza is some way off

WHILE Germany's manufacturing industry is suffering its worst recession since the end of the second world war, its construction industry is still an engine of economic growth - but only up to a point.

As a recent report from the Hypo-Bank economics department concludes, the outlook is becoming less cheery here, too, despite boom conditions in eastern Germany.

The western industry - worth DM320bn last year - still dwarfs the sector in the east, worth DM57bn. Though growth in the east is set to continue at a double-digit rate, in the west the recession is beginning to take effect.

Last year total construction activity in western Germany rose by 5.5 per cent - after growth of 4.1 per cent in 1991

and 4.9 per cent in 1990. The current year's growth is likely to fall back to less than 1 per cent.

This conceals a sharp turnaround in two out of Germany's three main sectors, reflecting the depth of the recession and the impact of public spending cuts in western Germany. Only housebuilding is set to grow this year, while industrial and public sector construction are both in decline.

According to the DG Bank, private sector industrial construction in the west will fall by 2 to 3 per cent - after growth of 4.7 per cent in 1992 and 4.8 per cent in 1991. This reflects a time-lag effect as German companies scale back their construction plans after a 1 per cent reduction in investment in machinery and

equipment last year.

In the public construction sector in the west, there will also be a fall of 2 to 3 per cent, the DG Bank predicts. As the Hypo-Bank comments: "To approach the goal of reducing debt... [regional] governments can hardly avoid reducing public building expenditures... the financial strains imposed by the solidarity pact [between unions, government and business] and the associated shortage of public funds are becoming increasingly evident."

The bank expects a drop of at least 2 per cent in real terms in government expenditure on construction this year.

The third - and still prospering - leg of the west German construction sector is housebuilding. Growth in this segment of the market, which

accounts for 50 per cent of the western total, is set to be 3 to 4 per cent this year. This is half the growth rate of 1992 but the fundamentals are in favour of further, steady growth throughout the 1990s.

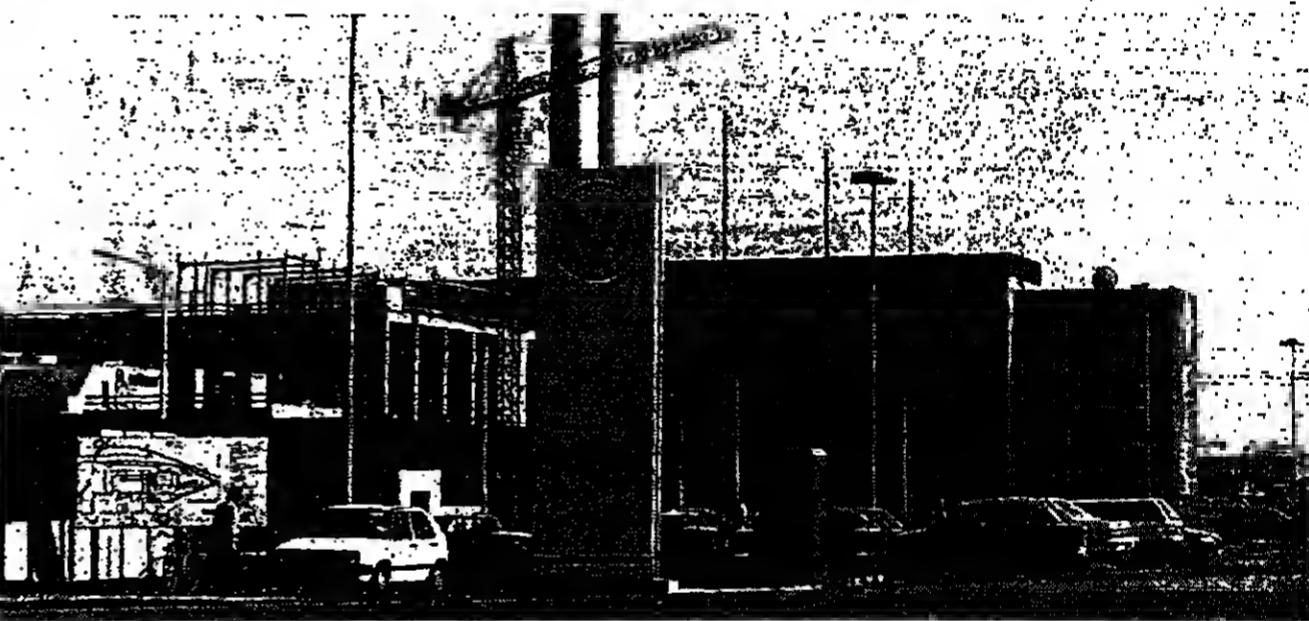
One factor is that - in spite of the international brouhaha over the Bundesbank's monetary policy in the last year - long-term interest rates are at historically low levels. This acts as a stimulus to private housebuilding.

However, the main reason for growth here is what Hypo-Bank calls a "gaping hole" in the western German housing stock. Some 375,000 units were built last year but the bank calculates that the unfilled need is as high as 2m units in the west alone.

This reflects high levels of immigration into the country, 438,000 asylum-seekers came to Germany last year and a further 231,000 immigrants. Social change - the tendency of people to live in ever-smaller family groups - also plays a role.

In the east of Germany, there was a substantial drop in the number of new homes built last year. Just 11,500 units were built compared to 62,500 in the previous year. About 30,000 houses will be built this year. The low level of activity - to some extent compensated for by high levels of expenditure on modernisation of old housing stock - reflects social and economic insecurity as east German citizens worry about mounting unemployment.

Commercial construction in



The new Volkswagen factory being built at Glauchau, near Zwickau in Saxony

Tony Andrews

the new Länder (states) rose by a third last year to DM22.5bn, about half of the total activity in the east. The pace of growth is likely to slow as western companies feel the impact of the recession and many have already cancelled plans for investment in the east. But Hypo-Bank is predicting growth of DM5bn in this sector this year - stimulated by a vast array of government incentives including investment bonuses, simplified write-off opportunities and cheap finance.

The main dynamic for the eastern construction sector will be the state - partly, indirectly, via subsidies to the private sector - but also directly. Direct public sector expenditure grew by 38 per cent last year to DM4.3bn and is set to climb by at least DM3bn this year as the federal and regional governments fulfil their commitment to bring east German infrastructure up to

western standards.

This will provide a bonanza for the construction sector for domestic and foreign contractors, for suppliers of building materials and for skilled

craftsmen. The hope is that this will act as a stimulus for a regeneration of the eastern German economy as a whole.

For the time being, it is enough to ensure that the Ger-

man construction industry will avoid the worst of the malaise currently afflicting the manufacturing sector.

David Waller

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Handwritten text in Arabic script: "مكة امنه لاصح"

ITALY: The award of public contracts has been paralysed by a political scandal, reports Peter Cooper

After the dust clears, recovery can start

THIS IS an exceptionally difficult year for the Italian construction market. A sharp downturn in the business cycle has coincided with a major scandal over public sector contract awards.

The market forecaster Cresme predicts a 5 per cent fall in total construction output in 1993. But even that could prove optimistic. There was a 17 per cent fall in cement consumption in the first quarter of the year which points to a much higher decline in construction output.

At the moment the award of public sector contracts is virtually paralysed by the *Mani Pulite* (clean hands) inquiry. Ten of the top 15 Italian contractors are under investigation for the alleged illegal funding of political parties. The biggest name in the industry, 1750m-a-year Cogefar-Imprest, heads the list; other companies include 2230m-a-year Grassetto and 1390m-a-year Lodigiani.

More and more contractors, politicians and government officials have been implicated in the scandal surrounding the alleged payment of party political contributions to secure public sector contracts. So far this year, the number of such contract awards has slumped by more than two-thirds.

The 116bn-a-year public sector construction market is in disarray. Large civil engineering contracts

are the hardest hit by the crisis. But the 12bn-a-year public sector building sub-sector is largely unscathed. A five-year modernisation of barracks for the Carabinieri and a prison rebuilding programme are unaffected.

The crisis is also damaging private sector work. Planning permission is at present almost impossible to obtain in the big Italian cities because everyone is afraid to take a decision that might attract the magistrates' eagle eye.

"The wave of scandals has not only blocked public sector contracts worth 112bn a year, but has also shut down 242bn worth of private sector projects," says Mr Riccardo Pisa, president of the National Building Association. "There is no longer anyone who has the courage to approve any type of scheme."

Market commentators think things will get worse before they get better. "The government will have to cancel projects like the high speed train to reduce its budget deficit," says Professor Aldo Norsa of Milan University. "Public spending on construction will fall."

Recovery hopes are pinned on the private sector which, contractors believe, will become more involved in infrastructure development. There are reasons for optimism.

Italian motorways are tolled, and their development could be financed privately. Italians are also

the biggest savers in Europe, and might be persuaded to invest directly in infrastructure schemes.

Of more immediate interest to contractors are the proposed giant commercial building projects, such as the plan to build a Canary Wharf-style financial district near the Garibaldi station in Milan. These developments are stalled by the political crisis. Nonetheless, property agents report a shortage of

George Soros, the Wall Street investor, rates Italy as having the best investment potential of any country in Europe

high quality office space in Italy as well as inadequate hotel accommodation and retail space. A commercial building boom is in prospect in the near future.

Mr Paul Bacon, of Milan-based commercial property agent Healey & Bacon, says there is a shortage of quality office accommodation in Milan, with less than two years' supply. He points to many opportunities for retail chains. "Out-of-town shopping is very underdeveloped in Italy and many of the big international names are absent from the high streets," he says.

However, commentators do not

see the commercial building market improving greatly until a new government is elected in the autumn and confidence is restored in the Italian economy.

Mr George Soros, the well-known Wall Street investor, currently rates Italy as having the best investment potential of any country in Europe. Italian contractors hope others will heed his advice, and look for investment opportunities at the bottom of a very deep business cycle.

WT Partnership, the British quantity surveyor, has established a 12-strong office in Milan in anticipation of a private sector boom. It hopes to advise developers on new projects.

"We see the current political crisis clearing in the next 12 months," says Mr Roy Merritt, a WT partner. "Electoral reform should provide the catalyst for economic stability. The situation is already improving in Milan with the election of a new mayor and council. Italy is going through a quiet revolution, and those looking to take part in the recovery should be making a move now, not next year."

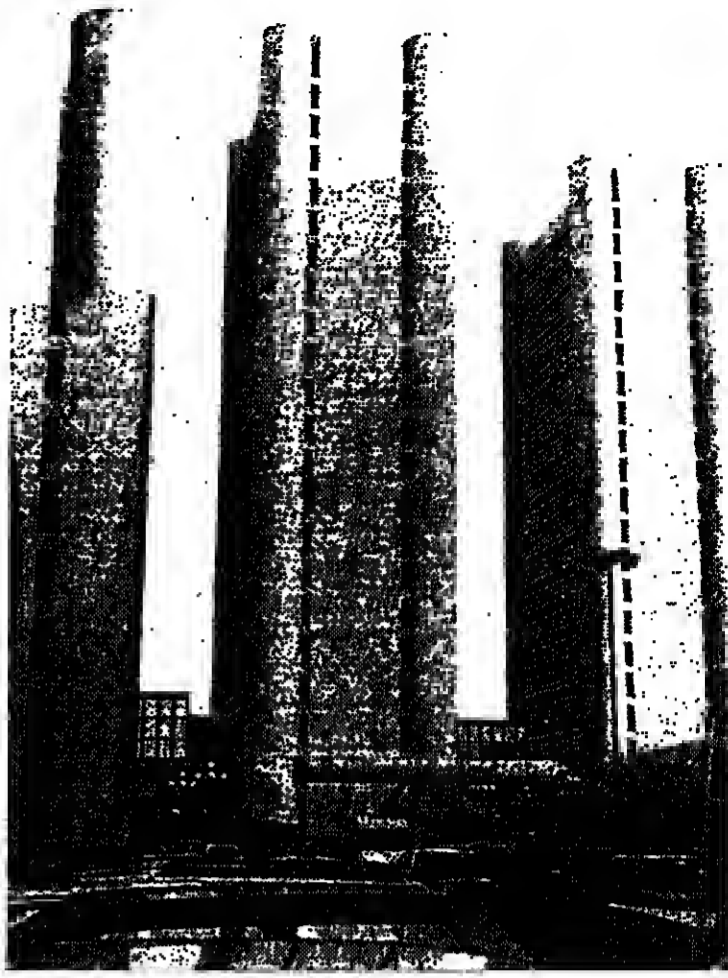
This year the private sector has benefited from a fall in long-term interest rates from 15 to 11 per cent. The devaluation of the lire last September has also helped to keep the private sector competitive internationally. All the same, Cresme still sees a 6 per cent decline in commercial and industrial construction output in 1993, before a 1 per cent upturn next year.

Consumer confidence has taken a tumble during the political upheaval. Forecasts say the impact of the crisis on both private purchaser confidence and public housebuilding activity will depress housing starts from 278,000 last year to 265,000, despite a sharp fall in mortgage rates from their 18 per cent peak last December.

But most market analysts think a new government will succeed in cleaning up the system. It would have a revolt on the streets if it failed to do so. Feelings are running very high among contractors and materials producers who are seeing their businesses ruined.

So it is more than likely that the Italian construction industry will somersault from seemingly intractable public paralysis to private prosperity. The industry is at a major turning point. It is shifting its focus from the public sector to private-led development with international participation.

Yet this is a horribly painful process for those trying to earn a living this year. 1993 will be a difficult period for Italian contractors and material producers. Even the infamous Italian "Black Economy" is in for a rough ride, with Cresme forecasting a 4 per cent fall in activity to 111bn this year.



Fiore de Bologna, the industrial office park estate

Traver Humphreys

THE FRENCH construction market has been in decline since the second half of last year. Despite the rescue programmes announced by the new conservative government, most construction companies expect output to fall further this year.

At best, turnover will be flat next year. Few companies expect much growth in 1994.

Recovery, they say, will have to wait until the French economy improves. While unemployment continues to mount, consumer confidence will remain weak. The public will spend less on goods and manufacturers and shops making and selling them will continue to lay off workers.

As a result, companies are more likely to close factories and reduce operations rather than invest in new buildings and better facilities.

Lafarge Coppée, the French cement producer and one of the world's biggest building materials companies, says that sales of cement in France during the first

six months of this year fell by more than 10 per cent.

The rate of decline is likely to slow in the second half, says the company, only because comparisons will be made with a very poor second six months in 1992. Even so, it expects cement sales in its home country to be down by about 8 per cent this year following a similar fall in 1992.

Government and independent forecasters have suggested that the fall in total construction output will be between 2 and 3 per cent this year. Contractors and building materials producers believe this understates the true extent of the steepness of the downturn which they say is more in line with the decline in cement sales and one of the best guides of construction activity.

Bonygnes, among the country's biggest builders and civil engineers, has forecast a 6 per cent fall in its French construction turnover, including road building, this year.

Help may not be enough

Most contractors expect total construction output to fall by at least 5 per cent this year, despite plans by the government to encourage higher spending on public works and housing.

Mr Edouard Balladur, the prime minister, hopes this will be achieved through a mixture of tax incentives, increased borrowing capacity for local authorities and subsidised mortgage rates for the poor.

The government's plan, announced in two stages during May - and with further proposals likely - involves freeing an extra FF118bn (£2.05bn) to be spent on public works during the next two years.

Part of this will be channelled through a five-year programme of jointly financed central and local government projects, mostly roads,

due to be completed by the end of this year. Authorities are to be allowed to raise more money to enable this to reach its target of 97 per cent completions, instead of 86 per cent currently.

A new five-year programme is to

FRANCE: Andrew Taylor considers the likely impact of the Balladur government's plans for public works

be announced shortly and will provide a further guide of the government's determination to use the construction industry to revitalise the French economy.

Extra public money is also to be found to enable very large infra-

structure projects, which had ground to a halt because of lack of funds, to be completed.

Beneficiaries are expected to be the Tunnel du Souport, a road tunnel through the Pyrenees and the A86 orbital motorway around Paris.

The industry has welcomed the fillip but points out that many of these schemes were already in the programme. The extra FF118bn, provided it can be raised, compared with a total spend on construction last year, excluding the do-it-yourself market and black economy, of more than FF660bn.

The government has also moved to assist the housing market with a programme of tax and interest rate incentives which it hopes will raise the number of homes built by 30,000 during the next 18 months. High real interest rates and fear

of unemployment have severely weakened the French housing market. The number of new home starts last year fell by 8.5 per cent to 277,000 from 303,000.

Mr Pierre Basset, French construction analyst with stockbrokers James Capel, says that builders expect housing starts to fall to about 250,000 this year.

"The Balladur plan might add another 5,000 starts this year and perhaps another 10,000 to 15,000 next year but is unlikely to add more. Housing will remain a difficult market while companies are announcing redundancies daily. French interest rates are still high by comparison with Britain," says Mr Basset.

Overbuilding in the late 1980s means that investment in office construction is unlikely to improve even when the rest of French construction recovers. Paris is estimated to have four years' supply of offices either built or in the process of construction, much of which will need to be taken up before new

schemes are contemplated.

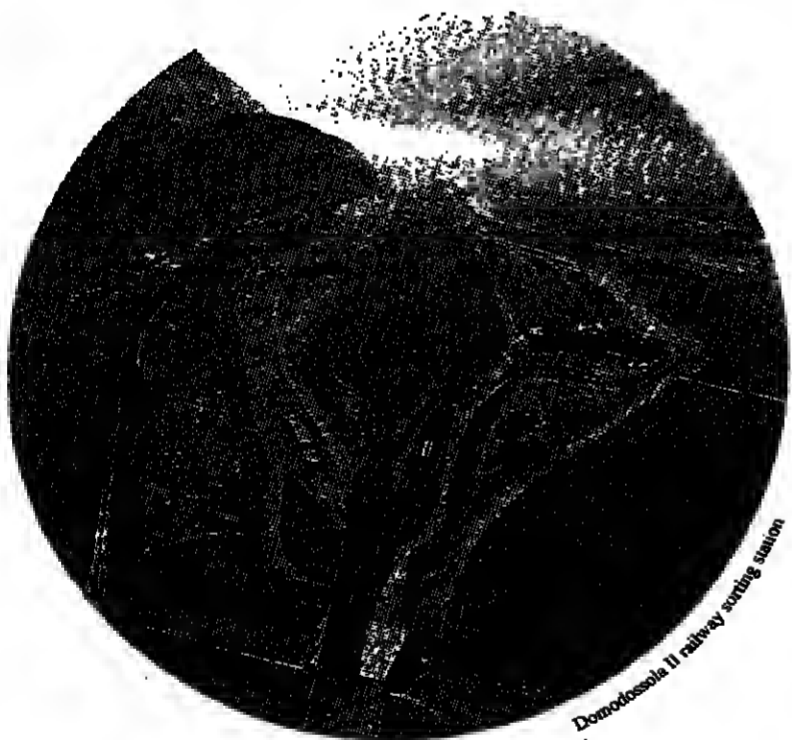
Private investment in factories and shops will not improve until the general economy recovers and consumer confidence increases.

There are few signs of this happening in the short term. Gross domestic product is expected to fall by about 1 per cent this year while the unemployment rate is forecast by the French National Institute of Statistics to rise to 12.5 per cent.

Meanwhile manufacturers, which have suffered under the French government's policy of protecting the franc's value through high interest rates, have been running down stocks and closing unused production capacity.

Government efforts to encourage housing and increase public works will take time to work through and at best may only stem the decline in construction output rather than reverse it. Contractors and building materials producers can expect more pain in the second half of this year. Recovery may have to wait until 1995.

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EUROPEAN BUILDING AND CONSTRUCTION 4

FOR THE Nordic region's beleaguered construction groups, the market collapse of the past few years must at times have felt much more severe than a normal cyclical downturn.

The crash in Finland and Sweden, in particular, has been harder than anything they have experienced in the past 50 years, although economic recession and high interest rates have also taken a severe toll on building activity in both Norway and Denmark. Heavy job losses and bankruptcies have been common to construction companies in all four countries, while the related collapse in real estate values has done more than anything to create the region's wider financial sector crisis.

The immediate outlook is not much brighter. Norway can point to some encouraging signs - office vacancy rates have started falling, for example - and at least its government can finance big infrastructure investments without putting too much stress on its budget. That is not the case in Finland or Sweden where building activity looks set to slump further both this year and next. Danish builders, meanwhile, may see an upturn in the domestic market next year, but they are likely to find the going harder in eastern Germany where contractors over the last two years have done so much to cushion them from

THE NORDIC COUNTRIES: Christopher Brown-Humes on the outlook after the recession ends

Scars that may take long to heal

the impact of domestic recession.

Part of the reason that Sweden and Finland seem to be in a deeper mess is that the downturn reached them later in the cycle and factors other than severe economic recession have added to their difficulties. The decline in Sweden has been accentuated by the removal of many of the government subsidies which fuelled the building boom of the late 1980s.

Construction volume has fallen by around 50 per cent in the past three years and investment is down from SKr237.5bn in 1990 to an estimated SKr195.8bn in 1993. One in four building workers has lost his job since 1991; employees in the sector have fallen from 320,000 to 235,000, and some estimates that the figure could drop below 200,000 by the middle of next year.

One of the worst affected sectors has been housing. Investment in new housing has halved since 1990 to an estimated SKr32.9bn this year, with the Swedish

Construction Federation predicting a further halving next year to just SKr16.4bn. Office building has also fallen off sharply after the over-development of the 1980s.

But some areas have held up much better, including road construction, rebuilding and maintenance work. These sectors are also expected to be growth areas in the short term, although not to the extent that they offset the decline in housebuilding and office construction.

The best piece of news the Swedish construction industry has received recently came in March when the government announced plans to spend SKr96bn on new road and rail networks over 10 years. A total of SKr36bn has been earmarked for the 1993-94 to 1995-96 period.

Critics allege, however, that the timing and scale of the investments are too uncertain to give the market a feeling of optimism, and that in any case infrastructure investments of SKr10bn a year are not

enough to offset the industry gloom.

Several big projects are being lined up, including the construction of a railway from Stockholm to Arlanda (where Stockholm's airport, 40km to the north of the city, is located) and ring-roads around Stockholm, Gothenburg and Malmö.

However, no infrastructure development is bigger than the proposed bridge/tunnel over the Öresund strait between Sweden and Denmark. This project, on which construction was originally supposed to begin this year, has been delayed by environmental and political wrangles and the firm go-ahead has still not come from either Denmark or Sweden. Few expect construction work to begin before next year.

For many of Sweden's smaller and medium-sized construction groups, the market downturn has already resulted in bankruptcy. For the bigger companies, it has meant heavy losses and weakened balance sheets but major rationalisation and re-or-

ientation have so far ensured survival.

Scandinavia's largest construction group, Skanska, made a SKr3.14bn net loss last year, largely because of property write-downs and losses on financial operations. The downturn in the Swedish construction activity had a clear impact on its performance, with revenues from this sector falling 11 per cent to SKr17.45bn from SKr19.6bn. Overall revenues fell to SKr31.9bn from SKr34.7bn.

One of the ways in which the group has responded to the crisis is by seeking to boost its overseas operations, though that has not proved easy as many other western markets are also in recession. Recent efforts have focused on the east European markets, where construction demand is likely to grow in the years ahead. The group has opened offices in Berlin, St Petersburg and Tallinn in the past year.

Skanska says the outlook for the Swedish construction market remains

depressed, although the market "will probably reach the bottom next year," according to Mr Lennart Hallberg, a senior vice-president. Even when the recovery does get under way it will be weak, says Mr Hallberg, and the boom construction years of 1989 and 1990 will never return.

NCC, another big Swedish construction group, suffered a SKr1.2bn loss after financial items last year, with large property write-downs again largely to blame. But it has also pursued a vigorous rationalisation programme and repositioned its activities to survive the downturn.

"Although we expect the construction market to continue to shrink, NCC's product mix, with a high proportion of roadwork and civil engineering products, corresponds favourably with the anticipated areas of market growth," says Mr Tursten Eriksson, the group's president.

Nevertheless, there is a real worry that if the downturn continues for much longer, the construction industry will not be able to respond effectively when the economy recovers its balance. The Swedish Construction Federation has already warned that if the government does not take more active measures to encourage building activity now, the result in the second half of the 1990s could be capacity shortages, overheating and inflation.

THE DUTCH construction industry is poised for a return to growth in 1994, boosted by the prospects of several big public sector infrastructure projects, particularly in railway construction.

Overall, production in the construction sector showed a further 1 per cent decline in 1992 and is projected to fall by more than 3 per cent this year as worries about the likelihood of recession lead many companies to put off investment.

But recovery seems set to take hold, albeit cautiously, next year, helped both by expectations of higher economic growth for the Netherlands as a whole as well as by the government's aim to improve the country's infrastructure.

However, the Netherlands' three biggest construction companies - Hochtief, Volker Stevin and Boskalis - are so international in orientation that their fortunes will also depend crucially on the state of the construction market in other countries including Britain, which appears to be climbing out of recession, and Germany, which is still in the grips of economic malaise.

Hochtief and Boskalis will also be affected by the outlook for the global dredging sector, where overcapacity appears to be waning and prices are firming.

Last year, this international

THE NETHERLANDS

A growth track - but from 1994

outlook meant that all three construction groups posted higher profits, despite the continued weakness of the domestic market.

The Dutch government's plans to invest more heavily in infrastructure projects over the rest of the 1990s look likely to help not only the entire sector but also those companies which specialise in railway construction.

Although new procurement rules in Europe mean that some of this work will go to competitors in other companies, Dutch construction firms are expected to benefit most from the orders in the pipeline.

The biggest but also the most controversial project is the proposed construction of an all-freight railway line linking the port of Rotterdam to the German border. The F16.2bn (\$3.3bn) "Betuwe Line", named after the fruit-growing region through which it will pass, is designed to enable Rotterdam, the world's largest port, to retain

its traditional role as a conduit for goods passing to and from Germany's industrial Ruhr area to the sea. Construction is set to begin in the mid-1990s, with the railway itself due to open in the year 2000.

However, a vociferous "Not In My Backyard" campaign by local residents could force the government to search again for new ways of keeping disruption and nuisance to a minimum. One proposal, vigorously opposed so far by the government, is to put the entire 72-mile railway line underground. This would inevitably push up costs, but the additional work would be welcomed by the Dnteb construction industry.

A second railway project is the planned construction of the high-speed TGV train link between Brussels and Amsterdam as part of a wider effort to connect the capital cities of north-west Europe. Work on widening train stations and putting down new tracks has already begun, but contro-

versy still surrounds the exact choice of route south of Amsterdam and Amsterdam's Schiphol Airport. Opposition by environmentalists to the TGV passing through a nature reserve is not expected to lead to any major delays in construction.

Besides these big projects, the public sector is also expected to pour more money into new ministry buildings, schools and hospitals as well as into roads and tunnels, some of which will be partly funded by the private sector.

A major project aimed at doubling the size of Schiphol Airport by the first decade of the next century is already under way, providing additional support to companies operating in the public sector and generating related orders in road and tunnel building.

These public projects in the non-residential market will buoy the sector in 1994 as private sector investments in office buildings and industrial sites slowly begin to revive, supplying a second motor for the industry's growth.

Residential construction - which has been virtually flat in the past couple of years, with a projected drop in 1993 likely to cancel out 1992's small rise - is not expected to play a big role in the recovery, at least not in comparison with the stimulus provided by infrastructural projects.

Ronald van de Krol



Manchester Airport's new £285m international terminal became fully operational in March. Taylor Woodrow was responsible for the overall project management, which helped the airport to double in size. There were 17 separate contracts, involving some 200 contractors and suppliers

SPAIN: apart from government plans, the outlook is bleak

Dams lessen the drought

SPAIN'S construction industry can thank its lucky stars that it rains less and less on the domestic plain. A state of sustained semi-drought in the past years has prompted the government into unveiling major dam building projects.

The sector is fortunate also that the government, which is obsessed with raising Spain's competitiveness and with narrowing the gap with the European Community through the ambitious convergence programme it has mapped out for itself, has made road building a priority.

All in all, the government has pledged Pta18,000bn over the next 15 years, an accumulated total of Pta12,000bn a year, for civil engineering works. "The promises and the programmes of those in charge of economic policy in the coming years guarantee continuity (for the sector)" Seopan, the construction industry federation, noted in its newsletter last month.

Outside the government's plans, the outlook is bleak. The number employed in construction was down to just 1.1m at the end of the first quarter of

this year, 7 per cent below the sector's total labour force at the same stage last year.

Inevitably, the industry has been an early victim of the accelerated slowdown of the Spanish economy, which is now officially in recession. The GDP recorded 0.7 per cent negative growth in the last quarter of 1992 and shrank by 1.1 per cent in the first quarter of this year.

Last year, 104,100 construction jobs were lost, most of them in the second half of 1992, and a further 40,000 jobs vanished in the first quarter of this year. Cement consumption fell by 16 per cent in the first three months of this year.

However, Seopan sees signs of a silver lining. In April the rapid decline of jobs in the sector braked sharply as unemployment rose by just 2,200. Cement consumption in April fell by only 11 per cent, bringing the accumulated loss over the January-April period down to 14 per cent.

The chief reason, virtually the sole one, for the silver lining was a recovery in official tenders. Provisional figures for contracts through to the end of

April rose to Pta529bn, which was more than double the total over the same period last year in constant pesetas.

The official tenders came from right across the administrative board. Contracts by the central government were up by 41 per cent, those tendered by the regional authorities increased by 52 per cent and those by local authorities were up by 61 per cent.

The lion's share of the increased contracts originated from the Public Works ministry with a 387 per cent rise in tenders. This department is providing a lifeline to the sector with the 15-year long infrastructure programme.

The major road building projects that are already under way include an east-west motorway along Spain's northern coast, a north-south one that will run alongside Spain's western border with Portugal and a third, originating in Valencia on the Mediterranean, that opens a new route into France via a tunnel system midway along the Pyrenees mountain range.

The ministry has also earmarked major improvements

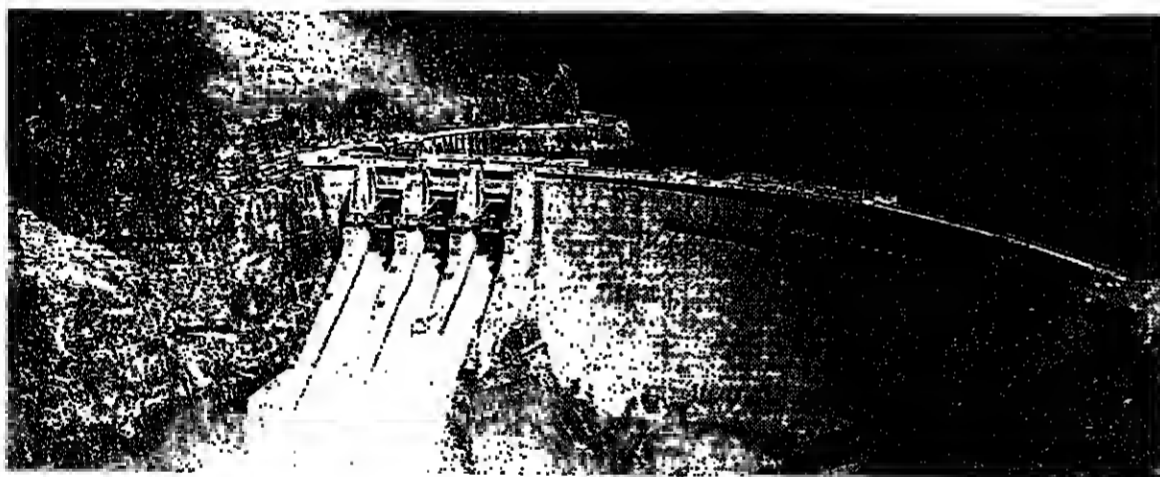
to secondary road systems and to big city ring roads.

The national hydraulic plan is still in the blueprint stage but it involves considerable dam building activity to transfer water resources from the wetlands in the north of the country to reservoirs in the dry central area.

If the full infrastructure programme is implemented, then the construction sector can look forward, in the very worst of scenarios, to a prolonged period of stability based on the 1992 levels. The sector underwent a shake-out last year when growth slowed short in its tracks but, thanks to the onset of the infrastructure programme, that drop may have marked the industry's nadir.

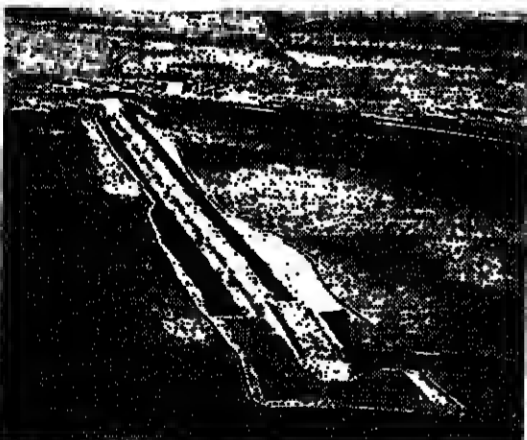
The "it" is however very much an operative word. "We will lean towards pessimism until we see what the 1994 budget looks like," says Mr Victor Martinez, a construction industry analyst at Madrid brokers AB Asesores. Analysts fear that the ministry's spending spree could be trimmed by budgetary constraints.

Tom Burns



italstrade

IRITECNA
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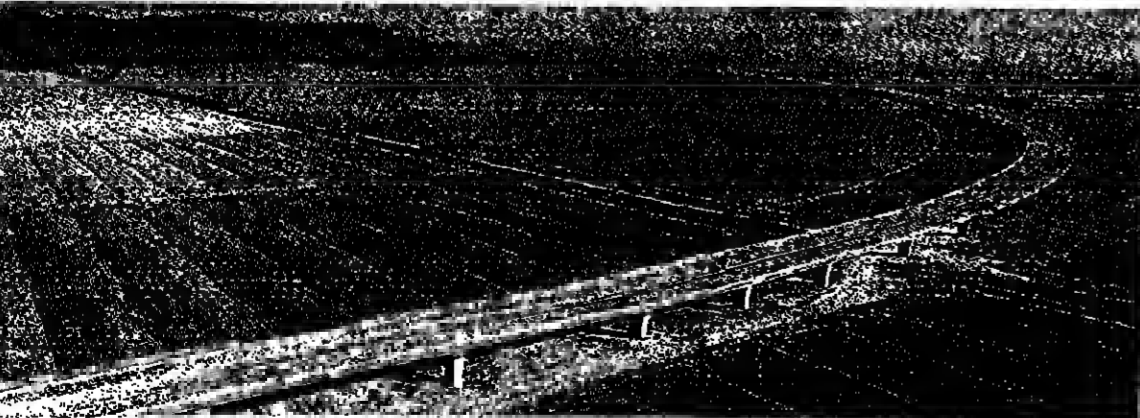


The Italstrade company, established in 1905, is one of the largest Italian construction companies, operating principally in the large-scale public works sector.

Italstrade has built 1,100 kilometres of Italy's modern motorway network, as well as hundreds of kilometres of roads, streets and railways in Italy and abroad. The company has also built important hydraulic facilities in various countries.

A wide variety of civil engineering contracts have been carried out by the company, including roads, motorways, airports, hydraulic facilities, hydroelectric plants, nuclear power stations, ports and railways, as well as renovation and modernization of housing and industrial buildings.

Italstrade therefore has the know-how and experience to tackle all kinds of construction contracts. The company also operates abroad, in Algeria, Argentina, Iran, Kuwait, Mauritania, Morocco, Mozambique, Portugal, Romania, Slovenia, Spain, Tanzania, Tunisia and Turkey.



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مكة المكرمة

Alive and kicking in the US

Total quality management is alive and kicking within large US companies, in spite of the problems some of them have had with it in the past few years. Almost all those which have initiated TQM are continuing or intensifying it. They expect it still to be one of their top initiatives by 2000.

These are some of the conclusions which emerge from a study* of member companies of the Business Roundtable, an association of more than 200 large corporations. The study, which drew responses from 106 companies (90 chief executives and 92 "quality officers"), was carried out by Delta Consulting Group, a New York firm.

Delta has a strong professional interest in rehabilitating the image of TQM at a time when many large companies have been seduced by the more dramatic-seeming promise of business process re-engineering. But that does not make its findings any less striking.

Delta's president, David Nadler, has argued - in common with some re-engineering consultants - that TQM and re-engineering are complementary and companies would find it counter-productive to drop one in favour of the other.

TQM, it handled properly, delivers gradual but continuous improvements in many aspects of business performance, while re-engineering attempts to create a more dramatic impact on business processes over shorter periods of time. It employs some of the same tools and techniques as TQM.

In the Delta study - Ten Years After: Learning about Total Quality Management - chief executives reported two particular problems with TQM: it took longer than expected to take effect; and some senior managers were still not sufficiently skilled in it.

Quality officers generally saw more problems than the chief executives did. They were more negative on: senior management knowledge and skill; conflicting values among key senior managers; the lack of perceived need for change; and strong resistance to change. The "top TQM company" most admired by the respondents was Motorola, followed by Xerox, Milliken, AT&T, Ford, Corning, Federal Express, GE, 3M and IBM.

* Available from Delta, 521 Fifth Avenue, New York, NY 10175.

Christopher Lorenz



CONTRARY to the gospel preached by several re-engineering evangelists, experience has taught Susan Kosik not to start the process without first launching a programme of culture change, especially for middle managers. She and her colleagues confound conventional wisdom in other ways, too - including how they handle people who resist change.

Kosik is a vice-president of Cigna, a US insurance company, and a leading member of its internal re-engineering team. Since 1989 she has seen at close quarters the varying success of re-engineering in the insurer's 10 divisions. They all have projects either completed or under way, but the methods used have changed considerably in that time.

In particular, emphasis has been shifted to beginning cultural change a few months before the start of a re-engineering programme. "In some of our earlier efforts we had not held enough meetings of all staff in time to prepare them for the new language and thinking of re-engineering," Kosik says. Without this and other cultural initiatives such as the introduction of team-based pay incentives, change tends to be rejected quickly when it does arrive, Kosik says. It then takes far longer to reap any benefit from re-engineering.

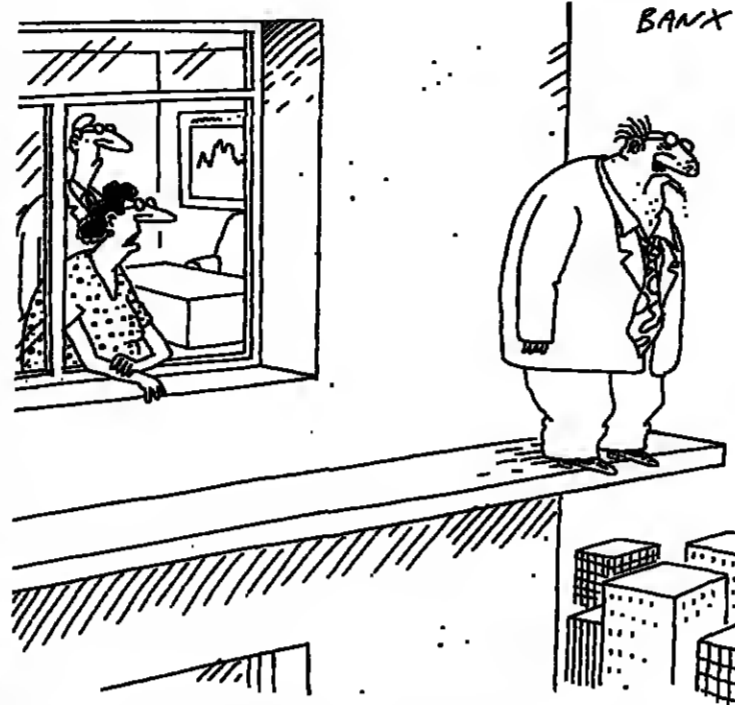
Cigna's experience with cultural change has been put to good use over the past two years in its UK arm, Cigna Employee Benefits. In mid-1991, four months before it started to introduce cross-departmental business processes in place of a functional hierarchy, staff began meeting Kosik's group twice a day to learn about re-engineering and teamwork. Later, teams of staff were rolled out and put to work in newly designed business processes. The meetings were used by staff to review work done and to set goals.

Since then Cigna's UK operation, which specialises in group health insurance, has turned six separate business functions into two processes based on pre- and post-sales activities. The time it takes to give a quote has been cut from 17 days to two, and staff who used to process between 35 and 40 claims a day are now working through 75 to 90 a day. As a result of this - and a move from the south-east to a lower-cost site in Greenock, Scotland - more than £1m has been shaved off costs. The unit's underwriting loss of £2m in 1992 is set to become a profit of more than £2m this year. It is not solely because cultural change came first that things have gone so well.

Cigna has other ways to tackle managers who dig their heels in. First, all managers are interviewed

Cigna's UK operation has reaped the benefits of re-engineering, writes Adrian Michaels

Culture vultures



by the re-engineering team before a decision to start change is taken. They are asked what they think about change and their attitudes are carefully recorded. Not everyone can be persuaded.

re-engineering is to go round them," says Roger Dockett, managing director of the UK operation. "But we have actively sought to put people most resistant to change in some of the project's first positions

All managers are interviewed by the re-engineering team before a decision to start change is taken. Their attitudes about change are carefully recorded

Once the UK team had decided to go ahead, in spite of the expected resistance from particular people, it accomplished something novel to the parent company.

"The easiest thing to do with senior managers who do not like

of responsibility. We did lose about 5 per cent of staff this way, but we have won over a lot more."

Dockett says that two senior managers had their jobs changed very early on. "At first they felt very threatened because decisions they

were used to making every day were being taken by much more junior staff. Now they realise that as leaders of a whole process they have much more opportunity to influence the organisation."

Another way of increasing staff commitment would also raise a few eyebrows in the UK. The initial process design was fairly cursory, and in some cases non-existent. Cheerfully, Dockett says the abiding principle has been "do it, test it, fix it".

The first time this was tried in the post-sales part of the business two people, each from administration, claims and accounts were taken from their desks and seated together round a different desk. Management's instruction was simply to carry on with their jobs. A few days later the group was processing far more claims.

Allowing a cross-functional team to design a process shows a measure of respect for junior staff that is not immediately apparent in all other companies trying to re-engineer themselves. Kosik says that some of the US divisions of Cigna were scared to let more junior staff embrace the changes in this way. "After our first programmes we learnt that you can trust the teams. Management who tried to hand down changes were missing out on the most knowledgeable group of people. For smaller process changes we now allow staff to design the new processes. For broader changes we use the teams as a source of ideas."

Both Kosik and Dockett say that, if staff are working in processes that they have built, many cultural changes follow more naturally - such as pride, process ownership and a team mindset. It is an effective way to change staff attitudes without stand-alone cultural seminars and training programmes.

Cigna has also made 15 per cent of individual salaries related to the performance of the team. That figure, too, was decided by more junior staff. Kosik says: "Too many top managers assume that staff do not want to risk their salary. Why not go out and ask them how much they want to risk?"

By contrast, Cigna's first re-engineering project in the US "did not discuss reward systems early enough", Kosik says. "We had introduced teams but not team goals. Whether teams will go the extra mile for the customer depends on monetary and non-monetary rewards." Kosik does not pretend that Cigna's UK re-engineering is the only way to approach the subject. "You cannot clone re-engineering. This is not something you can learn from a book. It's about people and personalities."

Previous articles in this series appeared on May 24, June 2, 11, 13, 24, July 5 and 12.

Nothing to do with ability

Adrian Furnham outlines some of the pitfalls of employee appraisals

CUSTOMER satisfaction surveys and rating forms are, like traffic wardens, ubiquitous. Hotels, airlines, restaurants, even churches provide cards and forms asking customers to rate their services, products and personnel. But few people offer feedback, so some institutions offer incentives such as a free drink or a cheap calculator to encourage customers to comply and improve the response rate.

Most managers also have to evaluate the performance of their subordinates by completing an appraisal at least once a year. For some this is a bit like a school report, with the most common comments being "satisfactory" or "adequate".

Given the general loathing of unstructured report-writing, most organisations devise appraisal forms where boxes are ticked to indicate the quality of performance against various criteria.

Even so, rating others may be deeply counter-cultural to the British, though popular in the US. British people prefer to fudge with pleasant but meaningless phrases. Despite - or perhaps because of - the fact that Britons have experienced the capriciousness of school or university grading, they resist inflicting it on others.

Many managers dislike rating subordinates precisely because such evaluations are supposed to be objective and impartial; they know all too well the errors and injustices that can occur in the process. Perhaps the most common error is the halo effect.

It is not unknown for female secretaries and personal assistants to be selected more for their legs than their word-processing ability. All interviewees know that appearance may be as - if not more - important than ability in getting a job. Most attempt to create a positive halo by emphasising their best qualities.

A second cause of error and lack of objectivity lies in being too lenient or indeed too harsh.

The error is called central tendency. However long the rating form, and whatever its contents, some managers routinely tick all the central boxes on the rating form and avoid the extremes.

They do so because they do not want to over-praise an individual and thereby raise expectations of promotion or salary increase. They also avoid the low scores because they want to avoid controversy over the appraisal and dealing with the anger, sulking and resentment of a poorly-rated subordinate.

The result is that everybody comes out as average and the whole exercise is a waste of time. A third problem is memory, also called recency bias. Managers rarely keep detailed notes and do not always remember all the behaviours they have to rate. It has been said that if workers score any significant success nobody remembers, but if they make a big mistake nobody forgets. Certainly most people base their appraisals on the recent past, no matter how representative it is.

There is also the question of personal bias and prejudice. This may be overt or covert, sophisticated or simple. We all have our preferences and prejudices based on past experience, and it is often difficult to prevent these influencing appraisal ratings.

Thus notwithstanding the quasi-scientific, and certainly numeric, feel of evaluation and appraisal forms, many managers complain they are far from objective. They argue there are so many sources of bias that appraisals are not only worthless but dangerous.

However, people can be taught to use the forms effectively. Coffee tasters, for example, are open to errors when rating beans, but they can learn to overcome them. When it comes to managing people, it is crucial the staff are appraised and given accurate, specific and comprehensive feedback. Filling out forms encourages such feedback and can be most helpful. Most managers would like their boss to provide them with detailed feedback - but they all seem more hesitant about appraising their staff - often because they do not know how to conduct progress reviews with subordinates.

The author is head of the business psychology unit at University College London, and advises organisations on management appraisal systems.

INVITATION FOR BIDS

Project no: 91.D.01.0050
Bid submission date: 12 October, 1993

1. The Turkish Electrical Authority (TEK) invites sealed bids from Bidders with adequate knowhow and experience for the supply of Flue Gas Desulphurization Plant of the 3x210 MW Yatagan Thermal Power Plant.

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Bahçelievler Son Durak ANKARA/TURKEY
Telex 42245
Telephone: 90 (4) 212 69 30/Ext. 3316
Telefax: 90 (4) 213 88 70 - 74

which should be accompanied by the receipt of payment of a non-refundable fee of 2,500-USD or 25,000,000-TRL to the following address:

TURKISH ELECTRICITY AUTHORITY
General Management
Department of Finance
Inönü Bulvarı No: 27 Kat: 4
Bahçelievler Son Durak ANKARA/TURKEY

3. Those Bids Submitted by Bidders who did not purchase the Bidding Documents shall be rejected.

4. All Bids to be prepared as described in the Bidding Documents and shall be accompanied by a Bid security in the form of a letter of guarantee for an amount of 7,000,000-USD and shall be delivered to:

TURKISH ELECTRICITY AUTHORITY
General Management
Department of Foreign Trade
Inönü Bulvarı No: 27 Kat: 3 Oda No: 03 057A
06480 Bahçelievler ANKARA/TURKEY

on or Before 12.30 hours on 12 October, 1993

5. Bids will be opened in the presence of those Bidders or their representatives who choose to attend at 14.30 Hours on 12 October, 1993 at the office:

TURKISH ELECTRICITY AUTHORITY
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Procurement Commission
Inönü Bulvarı No: 27 Zemin Kat A Blok
Bahçelievler ANKARA/TURKEY

6. The Turkish Electricity Authority is exempt from the Law No. 2886 (of the Republic of Turkey).

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PROSPECTIVE SALE OF

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HM Treasury proposes to privatise Forward Civil Service Catering, which provides catering services to government departments and non-departmental government bodies, through a private sale process.

In the year to 31 March 1993, based on unaudited accounts, Forward had total revenues in excess of £30 million, including direct sales of over £20 million and more than £8 million by way of direct contribution from its client departments. Forward is the principal caterer to the civil service and currently has about 175 accounts, providing catering facilities to more than 300 sites throughout the UK. The sale offers potential purchasers a unique opportunity to acquire an organisation with a substantial portfolio of catering agreements with a variety of civil service clients along with a base for further expansion in the UK market.

Interested parties who require further information should contact KPMG Corporate Finance at the address below:

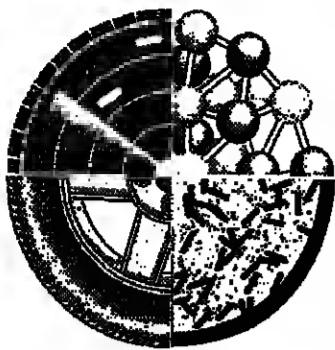
KPMG Corporate Finance, 8 Salisbury Square, London EC4Y 8BB. Tel: 071 236 8000. Fax: 071 832 8252.

Contact: Stephen Barrett, Bob Holton, Robert Whitlow.

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TECHNOLOGY

Worth Watching · Della Bradshaw



Taking the pain out of bacteria testing

Helicobacter pylori (HP) is an unpleasant bacterium that has recently been implicated in the development and recurrence of ulcers, writes Paul Abrahams.

However, testing for the bacterium has been expensive, requiring the removal of a section of the stomach, a blood test or complicated breath test.

Cortec International, a small company in Isleworth, Middlesex, has launched a method of testing for HP using saliva.

The saliva is collected on a swab and mixed with a colour reagent. This reacts with antibodies in the saliva, which have been produced by the immune system against HP. The test can give a result within 90 minutes. A £275 kit can be used to test 96 patients. Cortec: UK, 081 568 7071.

Zinc batteries pack more power

A New Zealand company, Voltex Agencies of Auckland, is claiming revolutionary properties for a rechargeable alkaline battery.

The Voltex 555 batteries, which were developed in China, are cheaper than nickel-cadmium batteries because they are made of less-expensive components - zinc and manganese oxide.

They can be fully recharged more than 100 times, say the manufacturers, with no memory effect. And they can store more power - 1.5 volts rather than the standard 1.2V. Voltex: New Zealand, 9 379 6985.

Looking for an easy life in the office

Imagine being able to copy a letter, send a fax, scan a document into your personal computer or print out from it without leaving your desk.

Japanese electronics manufacturer Oki has come up with a single machine that can perform all four tasks.

The Doc-it has three elements: Windows-based document processing software, a plug-in PC board and fax interface, and a machine the size of a standard laser printer that copies, prints, faxes and scans.

The Doc-it will be launched in the UK tomorrow. Oki: Japan, 03 3501 3111; UK, 081 577 9000.

Document scanners have generally proved too expensive for small businesses but Xerox Imaging Systems has slashed the price of scanning software with TextBridge, which sells for £99. As well as the software, companies need a desktop or hand-held scanner. Xerox: UK, 0734 668421.

A helping hand for Japanese teachers

Teachers could soon be getting a helping hand from the latest technology. In Japan NEC has used an expert system to cut the time it takes to work out the school timetable.

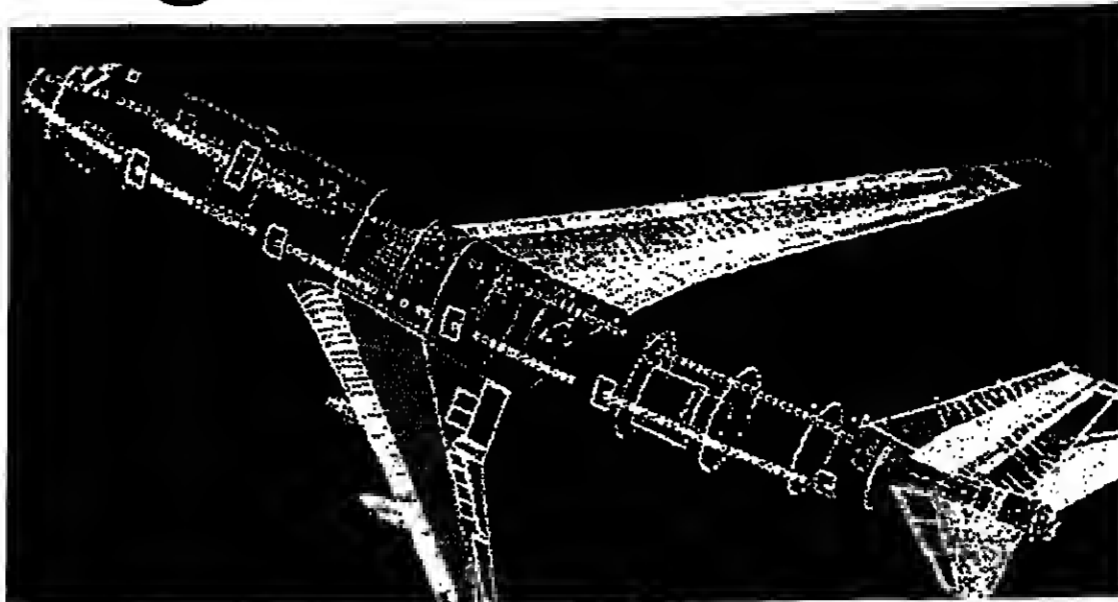
The automatic school timetabling software combines an expert system construction tool called Coastool with software that apportions the most appropriate amount of time to each subject.

In trials at the Kukiokyo High School in Japan's Saitama prefecture it took seven working days to complete the 1992-93 timetable, compared with manual scheduling, which takes 10 veteran teachers 10 working days (100 days in all). NEC: Japan, 03 3789 6511; UK, 081 991 9697.

Sniffing out the poorly cows

Bad breath is not just something that affects humans. Scientists at Southampton and Warwick Universities are developing an "electronic nose" to sniff out cows with bad breath, in an attempt to detect early signs of disease and so improve the health of dairy herds.

The robotic nose uses an array of sensors linked to a computer to sniff out specific smelly molecules. The molecules interact with the sensors to produce a pattern of responses that the computer can recognise. University of Southampton: UK, 0703 592373.

Intergraph is weathering a painful transformation, writes Andrew Baxter
Designs on the future

Mapped out on computer: Intergraph sees the transportation sector as one of its biggest growth opportunities

For a senior executive in an industry notorious for hype, Manfred Wittler is refreshingly frank about trading conditions in Europe for Intergraph, the US company that sells computer graphics systems.

In Italy, where the corruption scandal has brought corporate decision-making to a halt, and in post-Olympics recession-hit Spain, Intergraph's markets are "devastated", Wittler says. "There are workstations sitting idle and that's about as bad as you can get."

Germany is "terrible" - big customers have taken board-level decisions to halt investments. Customers in the Mittelstand, the medium-sized independent German manufacturers, have seen their orders fall by as much as 50 per cent and are slashing spending.

After strong growth last year, Intergraph's sales in Europe are likely to fall about \$50m (£33.3m) to \$400m this year. And some European countries will make their first loss this year, Wittler warns.

Wittler is Intergraph's top man in Europe and also executive vice-president for sales and support. The company makes everything from Cadcam systems used to design and manufacture cars to mapping systems that help water companies manage their sewage networks, so few people get a better view of sentiment among industrial, utility and government users of computer graphics.

Fortunately for Intergraph, the

view from Wittler's office, down the road from Amsterdam's Schiphol airport, is not one of unrelieved recession. In the UK, too, the recession has cut leading clients' spending plans, but, Wittler says, "we don't see that any more".

Intergraph has also been helped by the diversity of its customer base. With about 40 per cent of its European business coming from government, utilities and transportation, another 30 per cent from building and process industries and the rest from manufacturing, the

company has fared better than suppliers who are more dependent on the mechanical CAD market alone.

But the company has also benefited from a series of changes introduced by Wittler since he joined the company in 1988. By building up a true indirect sales channel for the company's products, Intergraph is better able to take advantage of continued computer graphics purchases by small companies or divisions of larger organisations.

Another important move was the reorganisation of the sales force

into industry segments. In the past, Wittler says, Intergraph had not fully exploited its biggest strength - its ability to provide a complete range of products for all the technical needs of a particular industry.

An example is the transportation sector, which Wittler sees as one of Intergraph's biggest growth opportunities. It has started a drive into the railway industry, which is now undergoing a renaissance in continental Europe.

The recession in Europe has coincided with what Wittler calls a

"painful transformation" of Intergraph's technology. Because its applications software was tied to its mid-range Clipper workstations, it could not be sold easily through indirect channels.

Intergraph is now converting its 350 software packages so that they can run on Microsoft's new Windows NT operating system. This is an important move - Wittler believes it will open up a mass market for Intergraph's software via indirect resellers.

But the company is also working on "porting" - making compatible - Windows NT to its Clipper Risc processor, which powers its existing Unix workstation.

At the same time, Intergraph is developing a high-end workstation based on Sun Microsystems' Sparc processor and earlier this month was chosen by Sun both to co-develop the next Sparc processor generation and to port Windows NT to the Sparc architecture.

All this activity emphasises the importance for Intergraph of tying its future to that of Windows NT, which Wittler believes will be "the big winner" as an operating system - without totally supplanting Unix. As long as software can run on Windows NT, the hardware will not matter.

Wittler's hope is that the European market will recover from recession in the second half of next year, coinciding more or less with the completion of Intergraph's technology changes.

Software finds a fashionable friend

First there was Ascot, then Henley. But the British summer season can only truly be declared open when high street clothes shops display their end of season "sale" notices.

As fashion retailers rush to slash the figures on their garment price tags they are increasingly having to ensure that those prices correspond to the ones held on their computers. For the UK retail outlets of Paul Smith, the men's fashion designer, the job has been simplified by work it has been doing with its supplier Prologix, which specialises in software for the fashion industry.

"We've been working with Prologix for four to five years," reports Cuan Hanley, co-ordinator at R. Newbold, Paul Smith's forthcoming

retail venture. "We've been moving in tandem."

Initially when it came to sale time, employees at Paul Smith's head office in Nottingham had to change the price for each item separately - every item had a code denoting style, colour and size. Paul Smith's Covent Garden stores stock everything from toothbrushes to £200 suits - some 2,500 items in all.

The Cims (clothing industry management system) software was altered, says Hanley, to ensure that the prices could be changed by product group. And if one particular store was selling badly the price of that group alone could be reduced. "We can change all the prices now in half a day," reports Hanley.

Such speed of reaction is particularly important in the fast-moving fashion industry where retailers have a rapid stock turnover - unlike a food chain, for example, where the same brand of baked beans can be sold year in, year out.

The reports produced by the Prologix software, points out Ian Bergin, at Paul Smith's Covent Garden stores, can look at the stock levels throughout the organisation or can track down a single garment. The software can produce reports of bestsellers or worstsellers.

"You can say 'I'm going to run out of this on this day and so I need to order more now'," elaborates Bergin. "You can see problems before they occur." The biggest problem would be if the stores ran out of the

most expensive items - suits.

If shortages occur, the individual shops can look up the stock held at the warehouse and order items from the terminal which also acts as a till. Or they can order from head office in Nottingham.

If they suspect shortages might ensue, each retail outlet can check to see whether there is a similar style or fabric that could be stocked instead but which they had hitherto overlooked - a shirt, for example, that was only stocked in one of Paul Smith's Japanese shops.

The Prologix system, which is based round an Oracle database held at head office, uses the data collected every time a sale is completed in the shop to compile accounts and other management

reports. The same data are used to verify stock control levels. For the shop managers it means that there is no need to back up the data every evening which is collected on disc, a drawback which had become evident with the previous system in the Paul Smith stores.

The system also helps eliminate errors. Because the code number for each item has to be entered before a sale can be made, it can only be sold for the correct list price. Barcode readers can be incorporated to help with manual stock controls. And Cims lets retailers build in specialist services - such as automatic discounts for clients lucky enough to hold discount cards.

Della Bradshaw

Retailing in RIO



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THE PROPERTY MARKET

Ratner's new jewel

Vanessa Houlder reports on the entrepreneur's latest venture



Gerald Ratner: talking 'factory outlet' shopping to Tobacco Dock

Gerald Ratner, the jeweller who once famously described one of his products as 'crap', does not appear to have lost his taste for controversy.

Nine months after leaving Ratners (now called Signet), Mr Ratner is again raising eyebrows with his choice of passage back into the retail industry. He is attempting to convert Tobacco Dock, the failed shopping centre in London's Wapping, into a US-style 'factory outlet mall'.

Factory outlet shopping - where manufacturers sell surplus stock directly to the public at discounts of between 40 per cent and 60 per cent - is fiercely resisted by many retailers. Unlike the US, where factory outlet malls are typically at least an hour's drive away from a city, in the UK towns are so close to each other that such outlets would inevitably compete with town centres, say retailers.

Mr Ratner's task is to persuade manufacturers, which are inevitably reluctant to

offend retailers, that Tobacco Dock will not threaten their markets. He is sending brochures to 1,000 manufacturers and admits that he has to "break down some barriers" to win over prospective tenants.

Mr Ratner is confident he will win the argument over Tobacco Dock's perceived threat to existing London shopping centres. "Docklands is not a successful place for shopping. It will not cannibalise other markets," he said.

That much cannot be disputed. Tobacco Dock was in receivership from November 1990 until last October when it was bought for £12m by Bisle Properties, a private group which took on Mr Ratner as an adviser. Tobacco Dock's failure was blamed on its inaccessibility and poor transport links.

Tobacco Dock's location could remain a problem: the solution depends on persuading well-known brand-name manufacturers to participate in Mr Ratner's factory mall in a bid to attract shoppers from as wide an area as possible. Mr Ratner is convinced that there

will be no difficulty in attracting shoppers. "People will be coming down from Scotland," he says rather implausibly.

Mr Ratner's move into factory outlet shopping follows a recent visit to the US. He became convinced that the success of factory outlets in the US could be replicated in the UK (where such outlets exist, but on a relatively small scale). He joined Bisle Properties on

his return to the UK.

The logic that persuaded Mr Ratner that the UK is ready for factory outlet centres has also impressed a handful of developers from the US and the UK which are working on such schemes in Britain.

But Mr Ratner thinks that Tobacco Dock, which could have its first manufacturers in place in two months, will be Britain's first US-style mall.

London needs a fresh strategic outlook, says an advisory group

Framework for the future

"London is at a time of dramatic change. It needs a fresh strategic framework to influence that change and give a clear sense of direction to its future development." London Planning Advisory Committee.

Strategic planning has not been taken seriously in London in recent years. In 1988, the last time the London Planning Advisory Committee, an inter-borough body, put forward a city-wide planning framework, it was virtually ignored by the government.

But the agonising over whether London is losing its way in the league of Europe's top cities has renewed interest in the case for strategic planning.

That, together with the changed circumstances provoked by the impact of recession on the capital, could lead

more weight to LPAC's latest consultation document, which covers topics such as the need for better co-ordination between development and transport and environmental considerations.

But the difficulties of laying down a planning framework is illustrated by the extent to which conditions have changed for the office market in London since LPAC's last guidelines in 1988.

Offices require "a radical shift in strategic planning policy", according to the most recent LPAC report. Instead of a shortage of supply, planning authorities need to manage the surplus of existing office floorspace and cope with the

huge excess of development opportunity in the longer term. This recommendation is based on employment growth projections in finance and business services of between 30 per cent and 7 per cent between 1991 and 2006.

LPAC expects a minimal take-up of older, low-quality offices, which should be put to alternative use, particularly housing and student hostels.

Using its most optimistic set of figures, LPAC estimates that demand for new office space could total some 2.2m square feet a year from 1997 - half the level during the 1986-90 period of rapid expansion. Under the pessimistic scenario, demand for new

space would be stuck in the current trough of about 500,000 sq ft a year.

Beyond 2000, take-up of new space could, at best, total some 3.5m-4m sq ft a year, justifying new construction activity of about 3m sq ft a year, similar to that in the early 1980s.

Such a level of activity could also justify developments of large-scale projects of about 1.5m sq ft in areas such as the Isle of Dogs, King's Cross, Paddington, Waterloo, London Bridge, Farringdon and Stratford in east London.

LPAC notes, however, that there would not be demand for more than two or three such schemes by 2006.

Vanessa Houlder

Draft 1993 Advice on Strategic Planning Guidance for London, 25 from LPAC, Eastern House 8-10 Eastern Road, Romford RM1 3EN.

Handwritten text in Arabic script.

Music

Rising to a challenge

The newest project on the London South Bank, which all this week fills the Queen Elizabeth Hall and Purcell Room, will surely raise the spirits of people unafraid of challenge in artistic experience. It is a summer festival of modern arts, dominantly musical but with representation of dance and film, and piloted by an artistic director who is himself (or, as may be, her) self an important creative force in those modern arts.

The series is planned as an annual event, with each time a different director: this year the composer George Benjamin as programme-inspirer, next year the composer Louis Andriessen. The umbrella title may rather be *Midsummer*, described in the advertisement of the (cumbersome, ill-designed and hard-to-read) programme as "the white heat of creativity unleashed upon the atmosphere - the fusion of art worlds into something new and totally different".

However, the chance to engage through this format with the mind, the tastes and, indeed, the music of someone as profoundly gifted, youthfully stimulating and ebulliently communicative as Benjamin seems to me just about irresistible - as the first musical item on the week's schedule proved. This was a concert by the London Philharmonic in the QEH, preceded by a platform interview with Benjamin, and concluded with the first performance of a new Benjamin work, *Sudden Time*.

The programme was itself a shapely, coherent entity which placed the new work alongside pieces by Benjamin's two teachers - Messiaen (the London premiere of the exquisite 1991 miniature *Un Souvenir*) and Alexander Goehr (the trenchant, subtle, substantial variations-set *Metamorphosis/Dance*, of which the LPO gave the first performance 19 years ago).

Sudden Time, as Andrew Clements reported on this page

last Saturday, marks Benjamin's release into new creativity after a period of drought. Its central examination - which the composer elucidated both in interview and in a brief start-of-concert illustrated talk - is the difference between clock time and psychological time. Across the work's short but abundantly filled span, phrases of evenly pulsed shape are dispersed and then retrieved in various parts of the large orchestra, while elsewhere contrasting and sometimes contradictory activities are set up.

Sometimes conflict flares up, sometimes periods of near-stasis take hold, but the sense of bubbling exploratory vigour remains potent throughout. In testing out this notion of (to put it crudely) freedom versus rigid order, Benjamin appears to have released in himself a flood of generous, free-spirited invention.

The fast-moving linear patterns out of which the music is predominantly made create a musical environment that, in its seductive harmonic ambiguities and sound combinations, seems to bear a distinctly French-leaning aspect, to look back affectionately and fastidiously on some of the key Diaghilev ballet-scores - *Firebird*, *Jeux*, *Daphnis*. The scoring is complex, with fascinating *travaux* (such as the brief consort of four alto flutes topped by two tiny, high recorders) yet wholly unshowy, a gently unfolding viola line at the close suggests a prospect of reconciliation.

Any new initiative begins well that has so remarkable and exhilarating a new work as its first offering. Benjamin himself conducted it with energy and precision; the only cloud on the evening was the dull, colour-draining beating of Franz Welser-Möst in the Goehr and Messiaen.

Max Loppert

Cartoons from a new master

Art / Lynn MacRitchie

In an innovative series, the British Museum in London is hosting five exhibitions of work by contemporary Japanese artists. Having missed the first of these, I have vowed to miss no more.

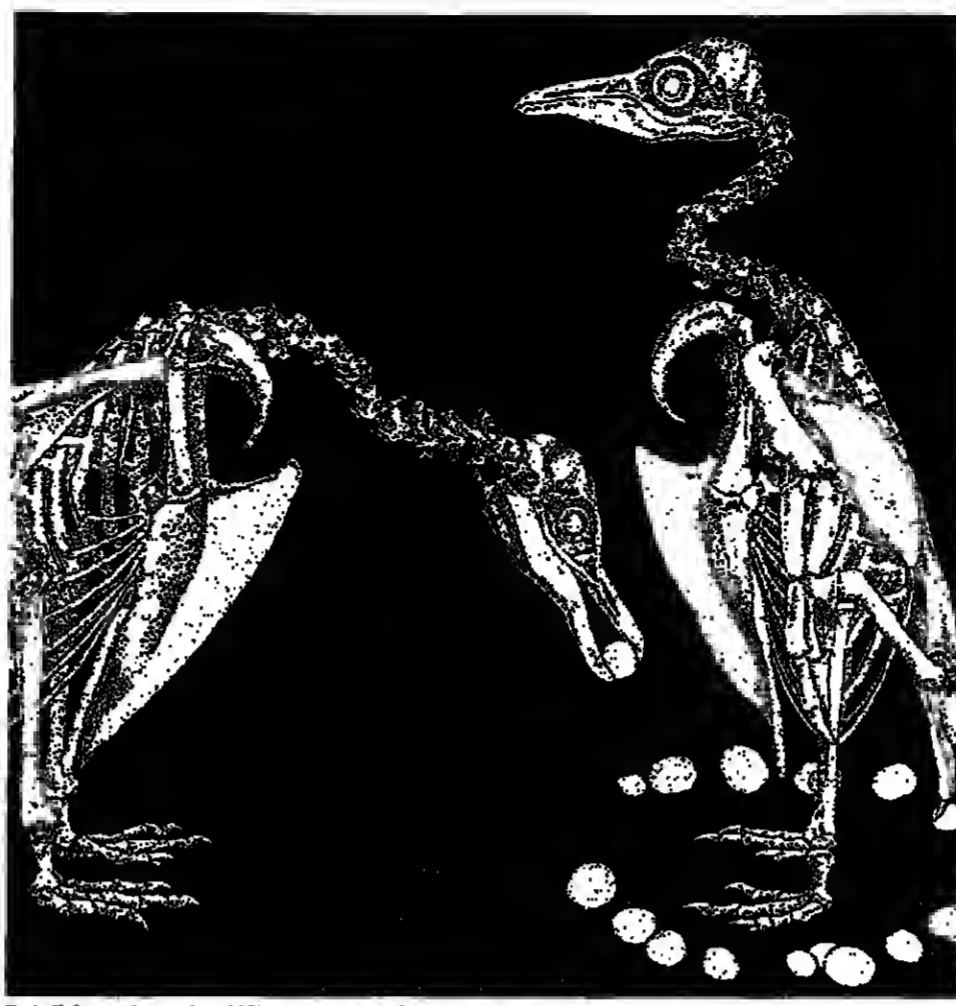
"Takeda Hideo and the Japanese Cartoon Tradition", the second show, is a revelation, a living history lesson and an opportunity to admire the work of a controversial modern artist whose screen prints, based on traditional subjects, seem to my eye at least the equal of the works of those revered masters whose images he has reinterpreted with astonishing power and skill.

Takeda, born in Osaka in 1948 and originally trained as a sculptor, rose to fame as the cartoonist for "Asahi Journal". His work was influenced by western artists, most significantly Tomi Ungerer and Gerald Scarfe. He visited New York several times and seems to have absorbed the despatch style of "New Yorker" cartoons. All these influences can be seen in his earlier work, which has very few obvious Japanese characteristics apart, perhaps, from the thoroughness with which graphic styles from another culture have been appropriated and reused.

His first published collection, "Mme Chang's Chinese Restaurant" (1973), a series of black and white cartoons presented as his dissertation in graduate school, is already astonishing in its graphic fluency and enjoyment of slightly surreal and sexual images. Two other collections, "Yogi", 1974, and "Opera Glasses", 1977, are also in this style.

The Japanese have a long tradition of enjoying books of drawings and prints which continues vigorously today, its most well known manifestation the popular "Manga" or comic books devoured with relish by a considerable part of the population.

Takeda's "Altamira" series of 1979 is in the more sober tradition of picture books on educational or scientific subjects. It is a series of black ink studies of animal skeletons,



Detail from the series "Altamira", 1979, by Takeda Hideo

meticulously observed and accurate, but each with a touch of fantasy - a bony horse borne upwards on the wings of a bird trapped in its rib cage, for example.

The series "One Hundred Occupations" reworks a favourite genre which dates back to the late 16th century. A delightful 1855 example by Hiroshige is on display, showing dockers, actors, river porters and others at work, observed with a humorous eye. Takeda's "Occupations" is quite different. He uses the ancient form to satirise his

subjects mercilessly, in a cold, western manner which brings a shiver to the spine rather than a smile to the lips.

The original "manga" was a book by Hokusai, a collection of drawings from life published between 1814 and 1849, of which several volumes are on view. Each page is filled with incidents - drunken men singing while the geisha who are "entertaining" them fall asleep, ladies washing in all sorts of positions, men practising with spears.

Some of the drawings have more "fantastic" subjects, such as a man sawing through his arm, or two men strolling

unaware of the close scrutiny of what appears to be an octopus. Takeda himself has never worked for manga, but his style, combining precise observation with fantasy, is very close both to the ancient examples and their modern counterparts.

Best of all, however, are his two series of screen prints, "The Wars of the Minamoto" and "Taira", the first produced in 1985, the second this year. Displayed along with them are volumes by Kunyoshi, the 19th century master of the subject.

While Takeda borrows much from Kunyoshi, his images are

absolutely modern, their stylistic innovations strictly 20th century. Unlike the old master, who sets his incidents against a natural if stylised background, Takeda sets his figures against plain backgrounds, concentrating on the swirling patterns of bodies entwined in fierce fighting.

His warriors are naked, another break with tradition, but their bodies are decorated from head to foot with complicated tattoos. Tattoos, a traditional Japanese decorative art now most widely associated with the gangster culture of the Yakuza, were the subject of his first set of screen prints, "Mon mon", produced in 1976.

Most controversial is his use of sexual imagery to contextualise the warriors' deeds. In "Mark of a Fan", an image directly based on Kunyoshi, women's legs represent the hero rides, the birds which cause the Taira to flee in "The Battle of Fugigawa" emerge from between a woman's thighs, their white curves forming the background to the densely patterned mass of soldiers. The final images of the second series show the defeat of the Taira in terms of the subjugation of their women, literally ridden off by their conquerors.

While these images are horrifying, they are also entirely convincing, both in relation to their ancient models and their modern counterparts. The graphic novels and science fiction comics whose shifting viewpoints, hold close ups and sexual brutality Takeda manipulates with genius. Whether the unseen works by this self-proclaimed "sadist" that have been judged too shocking to be displayed transgressed this dangerous boundary it is unfortunately impossible to tell.

Takeda Hideo and the Japanese Cartoon Tradition July 14 - August 15, British Museum, Great Russell Street, London WC1B 3DG. Tel: 071-636 1555.

Bregenz Festival

Fedora made for comfort

Each summer Bregenz hosts an outdoor opera, with a spectacular lakeside setting, and an indoor one in the Festspielhaus. As I write, it is touch-and-go whether the opening of Verdi's *Nabucco* will be raised off the lake and into the hall; but at least the premiere of Giordano's *Fedora* was safe and comfortable.

Too comfortable, perhaps, in Jonathan Miller's production, for Giordano's brand of Italian verismo. His first *Fedora*, Gemma Bellincioni, was after all the fiery Santuzza of the original *Cavalleria rusticana*, and his opera was based on a Sardoo play (like Tosca) in which Sarah Bernhardt had starred. Giordano hoped to match the success of his *Andrea Chénier* (1896), though this time without the mob scenes. Again there is revolution in the air, but mostly at a distance: after the rich Russian princess Fedora finds her fiancé murdered in St. Petersburg, the later spyings and betrayals are set in Paris and the Swiss Oberland.

Miller's style of verismo is all genteel decorum - rather nicely observed, but in need of hyper-emotional principals to suggest tormented inner lives. Though Mara Zampieri's Fedora sings with unfurled eloquence, matronly concern is what she mostly conveys here; the role surely predates more volatility and voracious possessiveness. From Sergey Larin's Count Loris, first her prey and then her lover too, we get ringing delivery, unarguably good to hear, and plain, blunt acting. Alfonso Antoniazzi's cultivated baritone is well suited for the French diplomat De Sirey. Young Mary Mills makes a fetching Countess Olga, the second soprano, a romantic soubrette with daring taste in period costumes.

As her transient Polish lover Lazinski, Markus Schirmer is not required to sing, but plays an artistic piano. Chopin pastiche, in an opera crammed with pastiches - folk-Russian, French, even an offstage Savoyard song with accordion and cowbells for the denouement in the Oberland (whither Giordano transferred it; Sardoo had kept it in Paris). Tobias Hohenseil's airy sets, basically screens and scrim, are cleverly lit by Paul Pyram. However, their platform base is set some way back, so none of the singers can electrify the audience from footlights-distance - an unfair deprivation in verismo opera.

The conductor Fabio Luisi is stylish and tender with the score, and in later performances should find the extra thrust needed to buoy up his principals. The Vienna Symphony is only moderately good at sounding Italian: as in Catalani's *La Wally* a couple of festivals ago, the lively and picturesque music comes off better than candid pathos or anguish. Still, the ear of faith will certainly find and treasure those qualities in the luscious melodies. Agnostics may not have their wishes wrung.

Co-production with the Vienna State Opera. More performances until August 5.

David Murray

Theatre / Malcolm Rutherford

A mish-mash from the RSC

This is an unusual way to go down in the record books: *Misha's Party* must be the worst play ever staged by the Royal Shakespeare Company.

True, it cannot have been initially the RSC's fault. The idea of collaboration between the American playwright, Richard Nelson, and the Russian Alexander Gelman, must have seemed attractive at the start, even though Nelson says that he speaks no Russian and Gelman no English, and in spite of the fact that Nelson's last venture at the Barbican (*Columbus and the Discovery of Japan*) sank without trace.

At least the background was promising: Moscow, August 1991 and the attempted coup against Mikhail Gorbachev as witnessed by a group of Russians and Americans from a smartish Moscow hotel. And for about the first five minutes promising is what it is. Screen subtitles and the sound effects of a crowd remind us of the drama that is going on outside. There is a dining table heavily laden with bottles which, one spots early on, is a sign of a long night to come.

The rest is lamentable. This is domestic squabbling which merely coincides with great events. You may search for wit, allegory or indeed any kind of significance, but it will be in vain.

The principal character, played by Barry Foster, is called Mikhail. He has been married several times and claims to have had hundreds of liaisons in between.

On his 60th birthday, he has brought his ex-wives, their current husbands, his bride-to-be and his daughter together. One assumes that there must be some symbolism about Gorbachev, Mother Russia or the brief history of the Soviet Union. If so, it is elusive. All that happens - or rather does not happen - is that Mikhail's birthday speech remains undelivered.

The piece is being played concurrently at the Moscow Arts Theatre, where the audience should be closer to events and may pick out subtleties. Try it there, not at the Pit. There is no one in the RSC administration capable of spotting a loser in rehearsal and removing it from the programme before it runs

into the buffers?

There are reservations, too, about the RSC's *Turning of the Shrew* which has moved to the Barbican from Stratford. Just over three hours is a trifle long for one of Shakespeare's slightest plays. The first two thirds are heavy going.

Bill Alexander's production makes a couple of fundamental mistakes. He sits the audience to the play within the play at the back of the stage almost throughout. This is static and immensely distracting to the real live audience in the theatre. Then the set is constructed of heavy wooden panelling with a heavy wooden floor to match. The effect is deadening.

There are very few laughs. The production in Regent's Park earlier in the summer was much funnier and the current performance of *Much Ado About Nothing* at the Queen's shows that Shakespeare does not have to be treated quite so ponderously.

Still, the Barbican show has its merits, notably Amanda Harris's lively and attractive Kate and Max

well Hutcheon's appealing Christopher Sly. One can see why, for all its inadequacies, *The Shrew* remains a controversial play. Is Kate a shrew and, if so, why? What is a shrew anyway? And even if she is a shrew, does she have to be "tamed" in quite such brutal fashion? Why does she, particularly this one, succumb so easily? Discuss.

The Chelsea Centre is not at the centre of Chelsea, but at the far (western) end of the King's Road in London. I have wondered before whether it can make it when it so far off the beaten theatrical track. Yet it is setting very high standards. The present production is George Bernard Shaw's *Widowers' Houses*. If you have never seen the piece before, see it now, for it reveals a wonderful knowledge of the property market which has not much changed with the decades. And even if you know the work, you will admire the direction by Sharon Maughan and the wonderful playing of Sartorius by Lisa Harrow. She is a very fine actress.



Cheryl Campbell and Barry Foster in "Misha's Party"

INTERNATIONAL ARTS GUIDE

After a major two-year renovation, the Metropolitan Museum of Art in New York will open a grand new suite of galleries on September 21, devoted to 19th century European paintings and sculpture. The new suite will enable the museum to display more of its 19th century art that ever before, including its world-renowned collection of Impressionist paintings.

Visitors will encounter 21 separate rooms on the second floor of the museum's south wing. Though occupying the same area as before, the renovated galleries will have substantially more wall space and an entirely new design. The large, open area will have temporary partitions that formed the core of the old layout has been converted into a series of airy chambers in a 19th century Beaux-Arts style, incorporating oak-parquet floors and

architectural detailing evocative of the period's classicism. The project cost US\$13m (£2.7m). Many of the rooms will be devoted to individual artists, with three set aside for a temporary exhibition of 53 Impressionist and Post-Impressionist masterpieces from the opening installation will also include eight recently acquired works by Degas, Manet, Morisot, Pissarro and Sisley. Two recent additions to the permanent collection - Van Gogh's *Shoes and Wheat Field with Cypresses* - will also be on display.

The array is overwhelmingly French - Turner, Constable, Burne-Jones, Böcklin and Kobke are among the very few exceptions - and constitutes the finest gathering of 19th century French paintings outside Paris. Along the north side of the suite runs a long corridor filled with oversized Salon paintings by Bonheur, Meissonier and others, and sculptures by Rodin and Carpeaux. The eastern half consists of a chronology from Neo-classicism (David, Ingres) to Romanticism (Géricault, Delacroix), Corot, Barbizon and Courbet (two rooms), Manet (the largest gallery), Degas (separate rooms for paintings, sculpture and pastels) and pastels by Redon and Toulouse-Lautrec. The west side comprises the Annenberg show.

■ EXHIBITIONS GUIDE
AMSTERDAM

Van Gogh Museum The Potato Eaters: sketches, drawings and paintings leading up to the chef d'oeuvre of Van Gogh's Dutch period. Ends Aug 29. Courtauld in Japanese Prints. Ends Aug 29.

Daily Rijksmuseum Rembrandt in a new light: seven restored paintings. Ends Nov 1. Closed Mon

BARCELONA Fundació Joan Miro Joan Miro: large-scale centenary exhibition. Ends Aug 30. Closed Mon

BERLIN Neue Nationalgalerie Beyeler Collection: an outstanding private Swiss collection of early 20th century paintings. Ends Aug 1. Closed Mon

Alte Nationalgalerie Oskar Reinhart Collection: paintings by 19th century German, Austrian and Swiss artists. Ends Sep 12. Closed Mon and Tues

BONN Kunst- und Ausstellungshalle The Desire to See: 500 paintings, projections and installations from 12 countries, tracing the development of the unbroken 360-degree panoramic picture from the early 19th century until the invention of moving pictures a century later. Ends Oct 10. Also Alexander Calder: 12 monumental sculptures. Ends Sep 30. Closed Mon

Kunstmuseum Markus Lipertz (b1941): 170 paintings and drawings by a central figure in the development of German art in the past two decades. Ends Sep 28. Closed Mon

COLOGNE Wallraf-Richartz-Museum

Highlights of the Baroque: French and Italian paintings from the late 16th to late 18th centuries, all on loan from French public collections, including works by Veronese, Boudry, Vouet and many others. Ends Aug 22. Closed Mon

HAMBURG Kunsthalle Picasso After Guernica: 90 paintings, 60 drawings and ten sculptures, representing his later work, with a special focus on the 1950s. Ends Aug 29. Closed Mon

LONDON Hayward Gallery Anatara: the largest and most comprehensive exhibition of Aboriginal and Torres Strait Islander art ever seen in Europe, with over 100 works from public and private collections in Australia. Ends Oct 10. Daily

Royal Academy of Arts Pissarro's Series Paintings. Ends Oct 10. Also Summer Exhibition. Ends Aug 15. Daily

Tate Gallery Art and Liberation: painting and sculpture in postwar Paris 1945-55. Ends Sep 5. Turner's Painting Techniques. Ends Sep 12. Edward Burne-Jones: a display of sketches from the museum's own collection, underlining the 19th century English artist's skill as a draftsman. Ends Nov 7. Daily

Courtauld Institute Thomas Gainsborough as Artist and Collector: 14th and 15th century paintings collected by the 19th century painter, whose watercolours are also represented. Ends Sep 1. Daily

MARTIGNY Fondation Pierre Gianadda Degas: 74 bronzes of horses, dancers and nudes, surrounded by dazzling

pastels, oils and drawings relating to them. Ends Nov 21. Daily

MONTPELLIER Musée Fabre French 17th century Paintings from Public Collections: 130 works by Poussin, Lorrain, Vouet and many others, showing the evolution of style throughout the century. Ends Sep 5. Closed Mon

MOSCOW Pushkin Museum Matissse: an abridged version of the recent shows in New York and Paris, but specially augmented by 130 paintings from Russian collections. Ends Sep 15, after which the show will move to the Hermitage, St Petersburg.

NEW YORK Guggenheim Museum Paul Klee: 60 works from the museum's own collection. Ends Sep 15. Also Rebecca Horn: first full-scale retrospective of the German artist. Ends Oct 1. The SoHo site has

Singular Dimensions in Painting: minimalist works from the 1960s and 70s by Ellsworth Kelly, Agnes Martin, Robert Rauschenberg, Richard Serra and others. Ends Aug 22. The main museum is closed on

Thurs, the SoHo site on Tues Metropolitan Museum of Art Drawings from the Getty Museum. Ends Aug 8. Nudes: 30 works selected from the vast collection of 20th century paintings, sculptures and drawings

bequeathed by Scofield Thayer, including works by Schiele, Klimt, Chagall, Picasso and Munch. Ends Oct. Paul Klee: 26 drawings. Ends Oct. Abstract Expressionism: works on paper from the period 1938-67 by American artists. Ends Sep 12.

Closed Mon Whitney Museum of American Art in the Spirit of Fluxus: 400 objects and documentary material of work by more than 40 artists, providing an in-depth view of one of the influential art movements of the 1960s. Ends Oct 3. American Art in Transition 1955-62. Ends Oct 10. Closed Mon

Museum of Modern Art Latin American Artists of the 20th century: 300 works by 90 artists from 1914 to the present. Ends Sep 7. Closed Wed

MUSEUMS Germanisches Nationalmuseum The Ludwig Collection: large-scale survey of the art collection of German chocolate magnate Peter Ludwig, including a large group of Picasso paintings. Ends Oct 10. Closed Mon

PARIS Louvre French Drawings from the Pierpont Morgan Library: the exhibition begins with works from the 14th century, but reaches its climax with 18th century masterpieces by Watteau, Fragonard and La Tour, and some great names from the 19th century, including Degas, Cézanne and Gauguin. Ends Aug 30. Closed Tues (Pavillon de Flore)

Cartes musées available at all metro stations and museums, to avoid queuing at 60 museums including the Louvre, Musée d'Orsay and Versailles.

PARMA Magnani Rocca Foundation The Barilla Collection of Modern Art: paintings and sculptures by Picasso, Dubuffet, De Chirico, Magritte, Bacon, Sutherland and

many other 20th century artists. Ends Nov 26. Closed Mon

ROTTERDAM Museum Boijmans-van Beuningen From Rozenburg to Wagonland: ceramics and glassware 1900-1950, from the museum's own collection. Ends Sep 19. Hooks and Eyes: late medieval dress accessories 1450-1650 from the Van Beuningen-de Vriesse archaeological collection. Closed Mon

STUTTGART Galerie der Stadt Munch and his Models. Ends Aug 1. Closed Mon Staatliche Galerie Klassicism: 300 works from late 18th century. Ends Aug 8. Closed Mon

VIENNA Kunsthistorisches Museum Gold from Kiev: 170 masterworks from the era of Scythian supremacy to the Christianisation of the Ukraine. Ends Aug 1. Closed Mon

WASHINGTON Hirshhorn Museum Jean Dubuffet: 97 paintings, sculptures and assemblages by the unconventional 20th century French artist. Ends Sep 12. Daily

National Gallery of Art Great French Paintings from the Barnes Foundation: 80 French Impressionist, Post-Impressionist and early modern paintings. Ends Aug 15. Daily

Arthur M Sackler Gallery The Divine Word of Islam: 23 printed volumes dating from 14th-18th centuries in Egypt, Iran and Turkey, including bound manuscripts of the Koran and a ceramic tombstone. Ends Jan 2. The Golden Age of Sculpture from Sri Lanka: 52 ancient masterpieces of bronze casting. Ends Sep 28. Daily

Folly of promoting ethnic divisions



PERSONAL VIEW

Talk is cheap - that is the familiar expression. But for the Bosnians talk has been anything but cheap. For well over a year, we have committed ourselves to negotiations with a criminally brutal enemy because western powers insisted that they would not allow an unjust outcome and that they were prepared to enforce a just peace agreement.

As we gird ourselves for the next painful stage of resistance, we can look back and clearly see what has made all the negotiations to date both fruitless and dishonourable. We can thus define the circumstances under which they can be more efficacious in the future.

So far, the negotiating process has been so flawed as not only to produce an unjust outcome but actually to encourage further war. The reasons for this flaw and the means to correct it are as follows:

1. Crimes and aggression have been committed against our people and republic in the past under the convenient cover of negotiations. Negotiations should no longer be abused and misused to undermine peace, and should only proceed on the basis of an effective ceasefire guaranteed by the international community.

2. The international community cannot morally, legally or diplomatically sanction negotiations while the "gun of genocide" is held to the head of the Bosnians. This only encourages abuses by Serbian nationalist forces and erodes the credibility of the international community.

3. The government of the republic of Bosnia and Herzegovina cannot be confronted across the table by its ultra nationalist enemies while all leverage is in their hands. This only emboldens extremists. Such negotiations bolster

those accused of war crimes, delegitimise moderates, democrats and those committed to pluralism, encourage fragmentation, and place the victim at the mercy of the aggressor.

The international community must be prepared to confront the aggressors if they do not honour their commitments. At the minimum, the international community must not obstruct or hinder the self-defence of the Bosnians.

4. Similarly, the international community must be prepared to implement immediately any negotiated settlement.

5. Negotiations should be held within Bosnia and Herzegovina - preferably in Sarajevo. This would increase accountability and discourage violations of ceasefires and the denial of humanitarian assistance.

6. Negotiations and peace agreements should not exonerate war criminals. Such a

Partition would worsen the refugee situation and create new battle lines

result would be immoral and illegal, and would backfire by encouraging extremism and strengthening the hand of those who would challenge peace. Criminals must be prosecuted.

It is unfortunate that the co-chairmen - in particular, Lord Owen - allowed themselves to be drawn into killing off the Vance/Owen plan and giving undue credibility to the "Milosevic/Tudjman partition plan". This predicament is in part due to Lord Owen's acceptance of the proposition that Serb extremists cannot be challenged and that war criminals may be legitimised as peace negotiators. In turn, this has encouraged extremism and opportunism among certain Croatian elements at the expense of moderates.

Most critically, if the co-chairmen continue down this flawed path they will realise that, as they have abandoned the Vance/Owen plan and embraced the partition, they will inevitably have to adjust their mediation position to reflect almost any position pro-

moted by the stronger party.

The Milosevic/Tudjman partition plan is acknowledged to be unjust. Just as certainly, it is not durable. However, one argument that we can expect to be advanced in its favour is the pseudo-humanitarian one.

We will soon be told that the main rationale for its implementation is the alleviation of the suffering of the Bosnian peoples. But the partition would in fact only worsen the refugee situation, promote instability, and create new battle lines. Extremism, irreconcilable national hatreds, and factionalism would be encouraged and legitimised for decades.

The folly of promoting ethnic divisions under the auspices of the United Nations should be reason enough to discard this ill-advised plan. Even as the casualty lists in civilian areas under Serb bombardment grow, reading like a roll-call of the republic's nationalities, all the members of the presidency of Bosnia and Herzegovina, including Serbs, Croats and Muslims, have embraced a rejuvenated peace plan for a "federation" of the republic.

The republic will have a decentralised form of government, with each group having parity at the federal government level. The individual units of this federation (provinces) would be established on the basis of economic, geographic, communications, historical and cultural criteria and would not be seen as constituting "ethnic enclaves".

The federal model will promote the republic's future as a pluralistic, democratic, and secular nation. While it may be difficult in the immediate future to restore our nation to its multicultural tradition, this federal system will encourage reconciliation and pluralism, and not allow ethnic divisions permanently to scar our country.

Muhammed Sacirbey

The author is the ambassador to the United Nations for Bosnia-Herzegovina. Articles by Mate Boban, Bosnian Croat leader, and Radovan Karadzic, Bosnian Serb leader, appeared on July 22 and June 9 respectively.

The controversial Fayed brothers, owners of the heavily indebted House of Fraser group, have demonstrated remarkable powers of survival through Britain's recession.

But will the proposed flotation of their stores, other than the flagship Harrods store in Knightsbridge, generate enough cash to keep the bankers at bay and ward off the threat of receivership?

Any judgement hinges primarily on the valuation of the subsidiary that owns the shops in question, House of Fraser (Stores), where chairman Ali Fayed stepped down earlier this week in favour of Mr Brian McGowan of Williams Holdings. In effect, Mr McGowan is working for the group's bankers, who have tightened their grip on the House of Fraser business empire following a refinancing of debt at the end of April. As well as extending fixed and floating charges to the whole group, including Harrods, 11 banks in three separate syndicates have taken very restrictive covenants governing the Fayed's ability to dispose of assets.

The starting point for the analysis must be profit; and the record is undeniably patchy. After the Fayed's controversial takeover of House of Fraser in the mid-1980s, a five-year plan presented to a banking syndicate led by Samuel Montagu projected profits rising from £57m in 1986 to £181m in the year to January 1991. Instead of this three-fold rise, the Fayed's stewardship delivered a fall in profit to £40m at end-January 1992 for House of Fraser including Harrods.

Equally important, there is a credibility problem arising from a Department of Trade inspectors' report in 1988 which concluded that in the course of their original takeover, the Fayed's "dishonestly misrepresented their origins, their wealth, their business interests and their resources to the Secretary of State, the Office of Fair Trading, the press, the House of Fraser board and House of Fraser shareholders, and their own advisers". The inspectors also detailed numerous cases "where the Fayed's were plainly telling us lies".

This inevitably casts a further shadow over the record, which shows that in the three years to end-January 1993 pre-tax profits of House of Fraser (Stores), which excludes Harrods, went from £30.5m to £18.4m to £32.5m. And the figures are not quite what they

John Plender assesses the likely price and prospects for the Fayed's sale of House of Fraser Laden ship in less stormy waters



Living dangerously: from left, Mohammed Fayed, Ali Fayed and Brian McGowan

seem. In 1992, the last year for which accounts are available at Companies House, more than £12m of the £18.4m profit came from insurance payments for two store fires, a surplus on the disposal of the company's credit operations to a financial subsidiary of US General Electric, and a credit from the House of Fraser pension fund.

Since accounts have yet to be filed for the year to January 1993, it is impossible to analyse the quality of the £32.5m that House of Fraser (Stores) is reported to have made. But on past form the figure may not be a reliable guide to the sustainable level of profit that the stores are able to generate.

As for assets, the Fayed's have retained a relatively high proportion of freehold and long leasehold interests in their 39-store chain, when compared with rival store groups, which lends apparent strength to their balance sheet. But the figures raise a number of questions. Frequent revaluations have produced the paradoxical result that in a period that included the worst slump in retail property rents and values since the 1930s, and House of Fraser itself saw a marked decline in its own profitability and dividend cover, net worth

rose from £503m in the mid-1980s to £811m in 1992. Even allowing for redevelopment and refurbishment, this looks astonishing. It is also fortunate for the Fayed's, in that House of Fraser's covenants to its bankers included a requirement to increase net worth by 5 per cent a year.

Taking House of Fraser (Stores) itself, property was in the books at £245m which, coincidentally, is the same as the company's net worth. But this is on the basis not of an independent valuation, but a valuation by the directors after taking "appropriate independent professional advice". The outcome, in the year to January 1992, when property market conditions were exceptionally depressed, was a revaluation surplus credited to reserves of £9.3m.

Against this background it seems unlikely that House of Fraser (Stores) could be floated at anything near the average stock market rating for the stores sector, where shares are valued at about 21 times earnings. For purposes of illustration, assume a price-earnings multiple of 15, a sustainable level of profit of £30m and

earnings after tax of about £20m. That profit figure may sound high, but after allowing for an improving trend in UK retailing, the elimination of management charges from the holding company, rationalisation benefits and other adjustments, it may not be so implausible. A flotation might then be expected to bring in £300m - not far from the £250m figure rumoured for a management buy-out that failed to materialise earlier this year. How helpful would this be in relation to the Fayed's debt burden?

Working from data in documents recently filed at Companies House it is possible to calculate that the House of Fraser group companies' loan facilities and overdrafts after the refinancing on April 30 amounted to at least £568m. Assume, for the sake of argument, that the Fayed's sell the assets of another affiliate which they propose to retain, House of Fraser Property Investment, which consist chiefly of the Bakers Centre in Kensington, London, for close to their 1992 valuation of £122m; assume equally generously that they make other disposals to bring total debt down to £500m; and the result, after

a flotation next year, would be a rump of debt of £200m.

The move to float means that a decision has to be taken as to how much of that debt should go into the balance sheet of House of Fraser (Stores). Half of the £200m could probably safely be included without posing a threat to the flotation; this would be equivalent to about 25 per cent of net tangible assets. The question would then be whether Harrods on its own could service the rump of debt.

It ought to be possible for Harrods to raise operating profits before interest, after writing back pension credits, from the £27m reported in 1992 to at least £30m. That would be ample to service any plausible interest rate on £100m of borrowings in today's market conditions. In other words, there would be no difficulty in servicing the debt. That, of course, is still on generous assumptions; and the leverage in the figures is considerable. If market conditions called for a less generous price earnings ratio on House of Fraser (Stores) of nearer to 10, earnings came out way below expectations and the asset disposal failed to generate the requisite cash, then Harrods' operating profits might still have some difficulty covering borrowing costs.

The Fayed's are not yet out of the wood. And any false move on the path to flotation would raise, once again, the old question of whether their personal resources outside House of Fraser Holdings can meet any shortfall of profit against interest, which has been running at £22m before exceptional items and tax in the last two reported years.

All that can be said here is that in the few areas where information is available, the going is getting harder - most notably at the Fayed's Paris Ritz Hotel, whose accumulated losses since acquisition in 1979 exceed £112m at today's exchange rates on the basis of the last filed accounts. Bank borrowings at the Ritz were due to start being repaid in February this year.

There are countless imponderables in the equation. But given that the banks have been prepared to refinance House of Fraser and that the economy has turned, the odds are looking more favourable for the Fayed's survival than for some considerable time. It is certainly less likely that Tiny Rowland, of Lorch, whose legal pursuit of the Fayed's grinds on in the courts, will have the satisfaction of seeing an early forced sale of Harrods.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Aerospace seeks investment not subsidy

From Sir Barry Duxbury,

Sir, I write to take issue with your interpretation of the House of Commons trade and industry select committee report on the aerospace industry ("UK Aerospace", July 22). The report made clear that the industry is not a lame duck looking for free handouts. It is a pillar of the UK manufacturing base - and of the British economy. By exporting 70 per cent of an £11bn turnover, we make a substantial contribution to the well-being of this country. However, our current success is based on investment in high-cost technology almost a generation ago.

Looking to the future, Richard Caborn and his all-party colleagues chose to address some difficult questions about the conditions industry needs to maintain a leading edge into the next century, about how we develop advanced products for an increasingly competitive market, and about how we can best use scarce resources.

They also looked at the long-term technology investments made by governments in competitor countries and judged that UK aerospace was disadvantaged. The report did not call for subsidies - it called

for investment and for a co-ordinated inter-departmental aerospace research programme. Furthermore, it acknowledged the government's financial difficulties and sought creative ways in which that investment could be added to the very high investment the aerospace companies make in sustaining their technology base.

I recommend that those of your readers whose well-being depends upon the competitive position of UK manufacturing industry, obtain a copy of the full report. They will discover that the aerospace issues are more complex than your editorial suggested, yet if the sensible recommendations of the committee are adopted, the solutions may be readily achievable.

Barry Duxbury, director, The Society of British Aerospace Companies, 29 King Street, St James's, London SW1Y 6RD

From Mr Richard Caborn MP, Sir, Your editorial attacking the trade and industry committee's recommendations concerning the aerospace industry would have benefited from a

reading of the report, instead of just the summary of the recommendations.

The £100m of proposed expenditure is nothing to do with "old-fashioned industrial policies" or picking winning technologies. It would be for maintaining a technological edge in the UK aerospace industry as a whole across a range of technologies on which the industry's present and future competitiveness depends. Moreover, launch aid is not a subsidy at all but a loan repayable with interest, and is provided because of the market's inability to fund viable long-term aerospace projects. In 1992-93 repayments exceeded new aid by £27m.

Far from triggering an international subsidy war, the committee's measures, all of which are consistent with the ECUS agreement, would simply bring the UK industry into line with competitors; £100m a year is a tiny sum compared with the subsidies given in the US. We do not share the optimistic view that the EC-US agreement will keep in check government hand-outs, especially as it does not cover aero-engines or smaller aircraft.

Your belief that the health of

the UK aerospace industry can be judged from present market share and new orders is astonishing. Its present situation results from research and technology acquisition during the past 10-20 years. Its "underlying position in world markets" is only as strong as the effort it will be able to put into technology acquisition in the next decade or so; hence the importance of the UK government matching the assistance given to competitors.

Your call for multilateral agreement to push back subsidies is in line with the committee's recommendation that the ECUS agreement be extended to aero-engines.

What the committee opposes is the unilateral restriction of government assistance in the UK to a level far below that available to foreign competitors. The committee recognises that the UK aerospace industry has to operate in the world as it exists, rather than in the world the FT would like to exist.

Richard Caborn, chairman, trade and industry select committee, House of Commons, London SW1A 0AA

Benefits of classifying woodland as set-aside

From Mr Martin Lowry,

Sir, James Buxton's article, "When money grows on trees" (July 20), draws attention to the difficulties of expanding Britain's afforested area in ways that maintain the right balance between environmental benefits and economic returns.

On Tuesday, the European Commission threw out an excellent opportunity to help reach the correct balance when it refused to allow the UK's Farm Woodland Scheme to count towards land which may be put into long-term set-aside. This would give farmers an income from creating broad-leaved woodland out of otherwise unused acres, and so contribute significantly to the expansion of the country's forest cover - with all the associated environmental and recreational advantages.

I have written to the EC Commissioner for Agriculture

and Rural Development urging him to rethink his decision.

If the concept of set-aside is to win broad public acceptance, it is important that land going into the scheme is seen to bring wider community benefits. The Farm Woodland Scheme - which combines landscape, ecological and recreational elements - offers just such benefits. Unfortunately many farmers have been holding back from participation in this valuable scheme because of the current uncertainty about its relationship with set-aside.

I hope that our government will continue to press Brussels on this important issue. Martin Lowry, chairman, Rural Market Panel, The Royal Institute of Chartered Surveyors, 12 Great George Street, Parliament Square, London SW1P 3AD

Vietnam a serious regional competitor for Thailand

From Mr Derek Tonkin,

Sir, William Barnes rightly draws attention to the "electric" spark of Vietnam today as well as to the dangers which investors face ("Beware the paper in Vietnam tiger", July 20). However, he quotes one Bangkok-based consultant, Chris Bruton, as saying: "Vietnam now is nothing like as far advanced as Thailand was in 1973. It's more like Thailand probably was in 1933."

I was in Thailand during the 1950s and I can assure Mr Bruton that Thailand then was light years behind Vietnam today. I can also assure Mr Bruton that, in 1973, South Vietnam was considerably ahead of Thailand in the industrial field and on a par in business and financial expertise. Today, Vietnam is well ahead of Thailand in terms of computer sciences, satellite communications, nuclear research, mathematical studies, literacy and secondary education.

Because of the war years and serious mistakes in economic policy, Vietnam has a long way to go to catch up with Thailand in terms of infrastructure and industrial development. There are, however, few industrialists and businessmen in Thailand who are not acutely conscious that, delighted as they are to welcome Vietnam into the prosperity of the rest of south-east Asia by ever closer political and economic association, Vietnam probably represents for Thailand its most serious regional competitor for the provision of goods and services, and this much, much sooner than Mr Bruton might ever imagine.

Derek Tonkin, British ambassador to Vietnam (1980-82) and to Thailand (1986-89), Heathfield, Barry Lane, Worpleston, Guildford, Surrey GU3 8PU

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Friday July 23 1993

Bundesbank in a bind

THE HUM of speculative activity across Europe's foreign exchange markets has, since Wednesday, reached an anxious pitch. Higher-than-expected German monetary growth in June now looks likely to prevent the Bundesbank from delivering further cuts in short-term interest rates soon. But without the prospect of a substantial cut in German rates, the chances of maintaining current parities in the exchange rate mechanism look increasingly slim.

A speedy, and orderly, realignment would still be desirable, a further, and bloody, crisis may be approaching. The Bundesbank now looks boxed in. While presumably keen to avoid the blame for the ERM's demise, the bank's council members are even more desperate not to save it at the expense of their underlying objective: to secure medium-term price stability. A rate cut now, in a week in which broad money growth climbed to an annualised and seasonally adjusted rate of 7.1 per cent, outside the bank's own target range for the year of 4.5-6.5 per cent, would certainly look bad. It would look especially bad if, as expected, consumer price inflation has risen to 4.3 per cent in July, more than twice the Bundesbank's long-term 2 per cent target.

Surely, Germany's European partners cry, inflation cannot still be Germany's main problem: the inverted shape of its yield curve, high real interest rates and a deep industrial recession all point to an excessively tight, rather than loose, policy. But many econ-

omists agree that the Bundesbank's favoured analytic model remains valid: each percentage of above-target money growth still appears to deliver a percentage point of above-target inflation.

The reason for the confusion is that the Bundesbank is trying to control inflation in a dual economy in which both parts are moving in opposite directions. The private, industrial sector is starved of funds: deflation, not inflation, is the problem. The International Bank Credit Analyst estimates that bank lending to the west German private sector has fallen by 4 per cent this year, while wholesale prices fell 0.4 per cent in the year to June. But the public sector is still growing and borrowing at an unsustainable pace: bank lending to the public sector has grown 17 per cent this year, driving up money growth and the non-traded components of consumer prices.

The Bundesbank thus finds itself facing a dilemma. If the government will not cut its borrowing, then all the bank can do is either to permit a higher price level or attempt to offset this public profligacy with a fierce squeeze in private sector credit, output and prices. But by doing so, it risks damaging German industry, undermining public support for low inflation and further weakening the ERM in the process. If the Bundesbank insists on sticking rigidly to its short-term monetary and inflation targets, then it must keep interest rates high. But both the bank and the German government, should be aware of the risks they run.

Motorway fatigue

IT IS EASY to make a case for turning part of London's M25 orbital motorway into a 14-lane super-highway. The stretch concerned is the busiest section of motorway in the country: it is only 7½ miles long; the cost of widening it will be small in relation to the congestion relief it will bring; and the government says most of the rest of the motorway will stay at four lanes each way, at least for the foreseeable future.

Yet the scheme cannot be judged so glibly. Short though the 14-lane section may be, the fact that a highway of such proportions should be considered acceptable anywhere in the UK crystallises the debate about how the country is to cope with continuing traffic growth. If a 14-lane motorway is acceptable now, will a 28-lane one be acceptable in another decade or two? And a 56-lane one when the 28-lane one is full?

It sounds far-fetched: and the argument against it is that traffic growth will stagnate once car ownership reaches saturation point. Statistics, however, show that traffic grows inexorably in line with gross domestic product. As more goods and services are produced, more transport is needed to carry them. With more time and money on their hands, people shop and travel more.

Governments impede this process at their peril. Yet environmental considerations demand that they do something other than accommodate the traffic jams with ever-increasing swathes of Tarmac. Even if technology succeeds

in producing a non-polluting car engine, the problems of land-take, noise and visual intrusion are likely to prove unacceptable.

Sadly, the alternative most often favoured by environmentalists - more use of the railways - will not provide the solution. Railways account for such a small proportion of traffic (6 per cent of passenger miles and 7 per cent of goods miles) that even to double their use would provide only a hiatus in road traffic growth.

The best hope of bringing demand for road space into line with supply therefore appears to lie in the mechanism used to regulate supply and demand elsewhere: price. If people had to pay for using busy parts of the road network, they might consider undertaking their journeys at a quieter time, using public transport, or the undertaking the journey at all. Ultimately, changes in land use and planning would bring people closer to where they lived, worked and played, so restraining traffic growth.

In the meantime, the government needs to come up with a more coherent strategy for dealing with traffic growth than has so far been in evidence. People need roads, and more will have to be built, but there will never be enough to meet unrestrained demand. If the government is serious about resolving this conundrum, it could start by addressing the fact that Britain not only has some of the worst traffic jams in the European Community, but also some of the cheapest petrol.

Life choices

IT IS A measure of the lobbying power of Britain's life assurance industry that it has taken so long to root out its opaque and anti-competitive sales practices. Yesterday's intervention by Mr Kenneth Clarke, the chancellor, looks like being the decisive blow in a battle that has lasted well over five years.

The charge against the industry is twofold. First, many investors are sold policies unsuitable to their circumstances, with around a third surrendering policies in the first two years. This stems largely from the industry's refusal to disclose clear and understandable information about the commissions paid for selling products and the likely value of investments if surrendered early. So long as investors do not know the nature of what they are buying, they will not be in a position to choose wisely.

Second, a large proportion of investors' premiums are swallowed up in high charges, which reflect the lack of competitive pressure to cut costs. Practices such as the use of standard industry charges to project investment returns rather than individual companies' charges are to blame. So is the lack of transparency. Competition can have enough information to shop around.

Reform is important not only because of the central role that life products play in existing savings habits. More than two-thirds of British households have at least one life policy, often

linked to their pensions or mortgages. Change is also necessary if the government is to press ahead with ideas to encourage people to rely less on the welfare state and more on personal saving for old age, sickness and unemployment. These would, for example, be little point in privatising the state pension if people's savings were frittered away by high charges.

The particular reforms mandated by Mr Clarke closely mirror recommendations from the Office of Fair Trading earlier this year. Life companies will have to give details of intended surrender values; tied agents and independent advisers will have to reveal their own commissions; agents for the same company will be able to compete on price; and companies will be required to use their own charges in providing illustrations of projected returns.

The overall effect will be more informed choice by savers and more vigorous competition between providers.

The life industry will not like reform that disrupts the cosy world they have lived in for so long. It is even possible that it will put pressure on the Securities and Investments Board, the investment regulator which has responsibility to implement Mr Clarke's orders, to dilute the reforms' impact. Foot-dragging, though, would be extremely unwise as it would only serve to damage further the industry's image. Life companies should realise that the game is up and it is time to clean up their act.

he US Federal Trade Commission's inability to come to a decision on whether to pursue anti-trust complaints against Microsoft, the world's largest software company, has fuelled a long-simmering debate in the computer industry.

Is Microsoft's domination of the software field a model for US international competitiveness, or has it inhibited the ability of rival US companies to compete on a "level playing field"? Not since the early days of the US-Japanese chip trade wars a decade ago, have feelings run so high on the issue of allegedly unfair business practices.

The FTC's failure on Wednesday to reach a conclusion on whether to take action against Microsoft did not close its three-year anti-trust investigation. But it has dampened the hopes of competitors that Microsoft will be forced to change its alleged unfair business practices.

"We are very disappointed," said Mr David Bradford, senior vice-president and general counsel of Novell, Microsoft's largest competitor in the PC market and its most outspoken critic. "It is unbelievable that the FTC will not act on this case." Microsoft's business practices are reducing competitors' sales, forcing job cuts and discouraging investment in the software industry, he and other critics charge.

Not everyone in the computer industry sees Microsoft as a bully that has carved out market share at the expense of less aggressive, smaller rivals. Some observers believe Microsoft has helped to create business opportunities for a host of smaller software and computer companies in an expanding market, but that these have been bruised in their attempts to compete directly with the software superpower.

"Microsoft is a very good, smart company that does a good job and Americans should be proud that it exists. It really has fostered development," said a senior software industry executive. "But many would-be multi-billionaires in the industry who prefer to criticise Bill Gates's Microsoft than to examine their own shortcomings."

The FTC decided to probe the software industry in June 1990, apparently prompted by extensive reports about Microsoft's dominance in the personal computer operating system market. Microsoft is the leading supplier of software for PCs. Its MS-Dos program - which controls the basic functions of a computer - is used on an estimated 95 per cent of all standard PCs (excluding the Apple Macintosh). This has given the company a virtual monopoly in the industry that, some charge, it has abused.

Mr Bradford claims Microsoft has constrained competition in the market for PC operating systems through its use of "per-processor" licensing policies.

Microsoft offers discounts to computer manufacturers which agree to pay licence fees for the use of MS-

A case that doesn't compute

Louise Kehoe on the implications of a stalled anti-trust ruling on software groups



Dos calculated on the total number of PCs they sell, rather than the number of copies of the program they make. In effect, this prevents PC makers from offering their customers alternative operating systems such as Novell's DR-Dos, Novell claims. If a customer chose DR-Dos, for example, the PC maker would still have to pay Microsoft's MS-Dos licensing fee because of the "per processor" licensing agreement.

Microsoft has also been accused of "technological tying", by allegedly introducing features into some of its programs that link their use to other Microsoft products. A further charge is that the company gives its own applications program developers - who develop word processors, spreadsheets or games - information about operating system program changes before it informs competitors, thereby putting the lat-

ter at a disadvantage.

Yet some observers argue that, by establishing an industry standard with MS-Dos that enables PCs from hundreds of different manufacturers to "play" the same applications programs, Microsoft has contributed significantly to the proliferation of PCs over the past decade, creating a \$50bn worldwide industry dominated by US hardware and software manufacturers. If the US justice department decides to pursue the anti-trust action and succeeds in restraining Microsoft, this could damage the entire software industry.

"We are not asking the FTC to break Microsoft apart," Mr Bradford insists. "What we want is to enable customers to walk into a computer store and have the freedom to choose among a broad choice of operating systems programs, or network operating system programs or

applications programs. The customer would benefit from increased competition."

Novell, which is leading the crusade to persuade the justice department to step in, would benefit if Microsoft were forced to modify its business practices. However, dozens of other software and computer companies, including Borland International, WordPerfect and Lotus Development, have provided the FTC with information about Microsoft's alleged violations of anti-trust laws and would stand to gain equally, Steve Jobs, founder of Apple Computer and now chairman of Next Computer, has publicly called for the break-up of Microsoft into two companies, one for operating systems, the other for applications programs. He charges that Microsoft's monopoly restricts innovation in the PC industry.

As the FTC conducted its investi-

gations, it found that Microsoft's competitors were keen to share their stories of the industry leader's tactics.

"I've met with the FTC about 10 times and it is very clear to me that the FTC staff has concluded that Microsoft's practices are not only unlawful but incredibly harmful to the US industry," says a senior executive at another large PC software company.

Yet on two occasions - first in February and then on Wednesday - FTC staff recommendations for anti-trust action against Microsoft have failed to win a majority vote from the four commissioners considering the case (see below).

Two of the commissioners have not been convinced. "They have been persuaded by Microsoft that they are simply bearing whining and complaints from companies that envy Microsoft's success or are not as clever or competitive," another software industry executive says.

Microsoft remains stubborn. While consistently denying any wrongdoing and co-operating fully with the FTC investigation, executives reject any suggestion the company might need to modify its practices to avoid even the appearance of anti-trust violations. The company says it does not want to be constrained by having to "second-guess what a government agency might think" about business decisions.

"The considerations are: is it in our business interests, is it in the customers' business interests, is it legal and moral? And if it is, then we go ahead and do it. In the long run the FTC and all the enforcers will recognise that that is the way business decisions ought to be made," Mr Mike Maples, Microsoft executive vice-president, has said.

Yet Microsoft cannot be complacent. The FTC has the power, if it decides to use it, to change the shape of the US software industry, loosening Microsoft's hold on the market and launching a free-for-all whose outcome is unclear. While a fragmented industry might benefit some players, it could have a detrimental effect by confusing customers and thus slowing PC sales.

With the FTC anti-trust case stalled, Microsoft's critics are considering other options, such as bringing a private anti-trust action. That could tie up Microsoft's resources for years and divert its energies.

Maybe conciliation would be a more advantageous response. Microsoft might care to look at the example of Intel, the world's largest semiconductor chip maker. It was also the target of competitors' allegations of anti-trust violations, but was censured by the FTC after it instituted a company-wide training programme to make its employees aware of anti-trust laws.

Perhaps there is a lesson there for Microsoft, although its competitors might wonder whether it is the right one.

Behind closed doors

Members of the computer industry and press, waiting in the lobby at 600 Pennsylvania Avenue, Washington, for the Federal Trade Commission's anti-trust decision on Microsoft, were told at about 3pm on Wednesday that the agency would not comment on the stalemate it had reached.

Privately, however, FTC observers said politics had played a role. The group reached a two-to-two deadlock, with commissioners Janet Steiger and Dennis Van Vleet voting for an administrative action (seeking changes in business practices) against Microsoft, and commissioners Deborah Owen and Mary Accenagaya voting against. The group then argued about closing the case.

Owen is a conservative Republican appointed by former President George Bush in 1989. Accenagaya, an independent, has been noticeably hesitant in the past about intervention in cases of alleged monopoly. Steiger is a liberal Republican, and Van Vleet is a Democrat. The complaint voted on by the

commissioners involved two main points: Microsoft's practice of creating the appearance of incompatibility between its own and rival products, and its "per processor" licensing scheme (see above). The latter was restored to the complaint at the last minute, after argument by attorneys for Novell, Microsoft's largest competitor in the PC software market. Novell had protested that the licensing issue - which it saw as having an enormous impact on competition - had been thrown out of the case owing to an objection by one of the commissioners.

FTC insiders said that, despite Owen's insistence that the case be closed, the other commissioners chose to keep it open. The commission has thus allowed for the possibility that it or the justice department could eventually try the case. The FTC is considering three scenarios. First, the justice depart-

ment could ask to take on the case. Ann Bingham, President Bill Clinton's new anti-trust chief at the justice department, has acknowledged that she is interested in the case.

Second, commissioner Owen, said to have been looking for another job recently, might take up a position outside the agency. Clinton could then name another commissioner, who might break the deadlock.

Third, FTC insiders said commissioner Roscoe Starek, who withdrew himself from the case, had made inquiries about rejoining it. Having a fifth commissioner involved could break the deadlock. Observers of the three-year FTC inquiry into Microsoft's practices said the best outcome for the FTC would be to finish the case itself, as it would be an embarrassment if the justice department were to have to finish what it had started. "It is unlikely the case will

remain open for very long, unless the department of justice asks for documents, or a change occurs at the FTC," said a source close to the agency. If the FTC received a request to take over the case, Janet Steiger, FTC chairman, would decide whether to grant it.

Microsoft, which discovered the possible involvement of the justice department about a week ago, is expected to begin lobbying officials. Late last week, Bill Gates, chairman of Microsoft, and a team of Microsoft attorneys, met separately with each commissioner, and with FTC staff serving on two of its investigative arms, its Bureau of Competition and Bureau of Economics.

If the case moves to the justice department, Microsoft is expected to bear soon whether the department will proceed against it. Within the FTC there is a body of opinion that the justice department

may take the case within a month. It could request that some of the FTC lawyers on the case be "deputised" to it. A formal request for documents would need to be issued, according to rules on transferring documents from one agency to another "for law-enforcement purposes".

In the UK, the Office of Fair Trading continues its own six-month-old investigation of Microsoft. The OFT is expected to provide the OFT with copies of its subpoenas and requests for evidence from Microsoft. Observers in the US said that software companies Novell, Borland and WordPerfect have all been providing information on Microsoft's alleged anti-competitive practices, both to the OFT and the European Commission.

Wendy Goldman Rohm

The author is writing a book on the FTC and Microsoft to be published early next year

Dagger and cloak

Given the inevitable suspicion that MI5's vow to be more open is a smokescreen, it's reassuring to see some unequivocally cloak and dagger work in process on the fringes of security operations: in the London-based International Institute of Strategic Studies.

Why did the Swedish director Bo Hult leave after only a year? Because his wife couldn't find a job in London, the institute's council was told this spring by its chairman Robert Ellsworth, once President Nixon's under-secretary for defence.

Really? Well...not quite. It seems that Hult, who's going back to heading Sweden's institute of international affairs, was given his marching orders by Ellsworth, apparently in response not only to complaints from staff, but to a drastic decline in support from US foundations.

The revelation has nevertheless scarcely pleased the council members, drawn from the great and the good of the western defence establishment. Hence, perhaps, their shilly-shallying over Ellsworth's attempts to have Hult replaced by the institute's director of studies, John Chipman, a Canadian who has applied for British nationality.

Thanks to a special council meeting, he is now faced by an

external contender, with the choice to be announced at the institute's September conference in Brussels.

Whichever of the two ends up getting the dagger, the outsider's identity is under the cloak. But there's one thing that is known. Since the candidate is definitely a he, it is not Stella Rimington.

Crash barrier

In accordance with what might be termed Vorsprung durch Technik, the Germans are customarily kept in the dark about road accidents in their country. But the bonnet has now been lifted by a certain Professor Klaus Engels of Cologne with a study of 102,683 shunt deaths during 1991, which was published in Focus magazine, a new German weekly.

Also his work - showing that the toll included 10,643 deaths, 515,960 injuries, and DM17.3bn in insurance pay-outs - is not uniformly considered useful by the motor manufacturers, at least. Take for instance the sceptical response Focus quotes from Volkswagen spokesman Dietmar Fritscher: "What would the public do with the data?" he said.

Only adding to VW's woes this summer, it emerges that while the German company does head at least one of the safety leagues compiled for the US - where its advertising features road accident statistics alongside a family beside the slogan "Keep your valuables in a safe

OBSERVER



Your Skills Training Agency old boys' reunion's been cancelled

places - none of its models appears in Engels's top 10 in its home market. They are led by two Nissans followed by a Peugeot, a Volvo, a Ford Granada, two Mercedes, a Citroën, a BMW, and a Mercedes again. The best ranked VW, its Santana, comes 13th.

No reserve

This year's New Year Fed Christmas party should be distinctly enlivened by the presence of the new governor Bill McDonough. Despite his quiet demeanour, McDonough is something of an

entertainer in his way, it transpires. In his first Chicago days he was an active member of the British-North American Committee, the group of 130 private sector leaders from the US, Canada and Britain, whose current membership includes the likes of Sir David Plastow, Ronnie Hampel and John Heilmann, and from which, now being a public servant, McDonough has since stepped down.

Four years ago, the December meeting marking the committee's 20th anniversary was held in Montreal where the hosts put on a traditional Beaver Club dinner, complete with live bear and hunter on horseback. The high spot of the evening, however, was McDonough, whom a friend describes as "very Irish really", talking to the floor with the then chairman of the Bank Organisation, the late Sir Patrick Meenan, to regale the audience with a medley of songs from the Emerald Isle.

Softly softly

If John Major reckons it has been a tough week, he might like to ponder the fortunes of the opposition Indonesian Democratic Party (PDI) at its annual conference in Sumatra.

The PDI won just 15 per cent of the vote in last year's general election and it appears that the government, in power for over 30 years, is getting a little bored with easy domination. Hence, it was

the founder of the ruling Golkar party, President Suharto himself, who opened the conference, calling on the PDI to get its act together.

As if his presence were not enough, he was followed by the home affairs minister and the chief of the armed forces entreating their opponents to unite.

No sooner had they left than 50 rebel PDI members tried the other approach. Storming the venue in a pick-up truck, they knocked down the entrance gates, and seized the floor shouting "Kill Surjadi", the PDI chairman. "This is our congress, so please sit down," the rebels' leader bellowed.

Order was re-established just in time for the minister of defence to give his speech.

Cold snap

The wisdom of public servants' hallowed principle - "give an inch and they'll take a mile" - is perhaps shown by the experience of the UK Meteorological Office's inquiries service, opened in response to John Major's Citizen's Charter.

From 400 calls in its first month, it's now up to 1,000-plus. Nor are all of them easily answered, as witness the farmer's complaint about the office's advance warnings of frost: weather-watchers can foresee. "I can get most of these from the evening TV forecasts," he snapped. "What I really want is a warning of unexpected frosts."

Battle lines drawn as party old guard are defied

Miyazawa bows out as leader of Japan's LDP

By Robert Thomson
in Tokyo

MR KIICHI MIYAZAWA, citing Confucian wisdom that "the righteous worry not", yesterday announced his resignation as president of the Liberal Democratic party, setting off a battle over the choice of Japan's next prime minister.

Party executives had wanted to form an exclusive committee among themselves to pick a successor, but younger LDP parliamentarians rebelled, accusing the elders of "undermining public confidence" in the party and forcing a vote on the issue.

If yesterday's meeting is a guide, the party faces a torrid

couple of weeks in satisfying

older leaders, who want their

turn at the top, and younger

MPs, who want the party to

appoint a proven reformer to lead

an overhaul of the political system.

In the past, a new LDP president has simultaneously become prime minister, but the party's loss of a parliamentary majority in last Sunday's election has

Kanemaru pleads not guilty to tax evasion

meant that the next leader of the LDP will not necessarily lead the country.

Mr Miyazawa will be prime minister until an extraordinary session of parliament early next month, when a new leader will be chosen. If opposition parties are able to form a coalition and agree on a candidate, they will have the numbers to defeat the LDP

in the Japanese parliament. In the meantime, the LDP's five large factions must select a successor acceptable both to the party and to the coalition partner that they will need to ensure that

their choice does become prime minister.

Mr Seiichi Kajiya, the LDP secretary-general, suggested the formation of a "unity and progress association" to select a successor. The idea provoked outrage among younger members, one of whom said that the "public detests the look and the smell of the LDP."

Seeing himself as the party's new fixer, replacing Mr Shin Kanemaru, whose tax evasion trial began yesterday, Mr Kajiya has blundered in recent weeks and is blamed by some young MPs for the splitting of the party last month and the loss of a majority.

"I regard prime minister Miyazawa as a class C war criminal, and I demand that class A and class B war criminals also take responsibility," the head of an LDP reform committee told the meeting, referring to the political fray.

Wellcome claims AZT patents victory

By Paul Abrahams in London

WELLCOME, the UK pharmaceuticals group, yesterday claimed victory in its struggle for ownership of the patents for AZT, its treatment for the AIDS virus, HIV.

The drug, also called Zidovudine, is the company's second best-selling product, generating worldwide sales last year of £213m (\$319m), which represents 12.5 per cent of Wellcome's turnover. Wellcome's shares rose 29p to close at 641p after the ruling by a federal court in North Carolina.

Barr Laboratories, one of the two US generic companies which are challenging the patents, contested Wellcome's claims of victory. Mr Edwin Cohen, Barr's chairman, said that his company would be appealing to a federal appeals court in Washington. The other group contesting the patents is Novopharm.

Wellcome said the judge had decided that the evidence was overwhelming and conclusive that inventors at Burroughs Wellcome, its US subsidiary, had first conceived of the idea of using AZT as a therapy for treating persons infected with HIV. The company added that the judge had decided there was no evidence for the jury to find against Wellcome.

Mr Paul Holcombe, vice-president and general counsel at Burroughs Wellcome, said: "I call that sort of conclusion a clear-cut victory. It is a victory not just for Wellcome, but also the whole research-based industry as well."

Mr Cohen, however, said that the judge had been unable to decide upon a definition of the term "conception of the inventive process", a term which was vital to the case. If the appeal court agreed with Barr's definition, Barr would ask for the case to be heard before a new jury. Mr Holcombe said the judge had agreed with Wellcome's definition.

Meanwhile, Wellcome announced that Sir Allister Frame, its chairman, would retire for reasons of ill-health. In April, Sir Allister announced that he would step down as chairman of British Steel following the advice of his doctor.

Mr Roger Gibbs, chairman of Wellcome Trust, which last year sold its majority stake in Wellcome, said: "We are most sad that Sir Allister's health will not allow him to continue. We are grateful to him for the outstanding contribution he has made over the past three years, and will miss his wisdom and experience."

The group's chief executive, Mr John Robb, will take over as interim chairman. The company insisted the measure would be temporary until a replacement could be found.

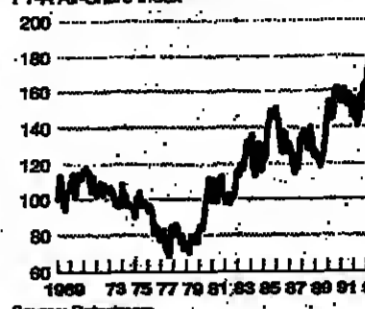
THE LEX COLUMN

Les Misérables

FT-SE Index: 2820.1 (+6.0)

Life insurance

FT-A Life Insurance Index



bank accounts have already increased competition for long-term savings. New business figures from the Prudential show that savers are wary of committing themselves to traditional regular premium contracts. Recession may be partly to blame, but the outlook for the housing market - and therefore sales of endowment mortgages - is anything but bright. Unless the government takes some uncharacteristically brave decisions, the pensions revolution of the 1980s has also run its course. Life companies will have to fight for business from here on. Greater transparency may not help their cause.

On that basis the long bull run in life insurance shares may be running out of steam. After the latest rally even fat laid down in the form of undistributed investment surplus is fully in the price. If disclosure contributes to consolidation there will be rationalisation benefits to come, but these will be spread unevenly through the sector. Picking winners will be more important for investors as well as savers.

Volkswagen

Given the welter of publicity surrounding the industrial espionage row between Volkswagen and GM, it is surprising that the former's shares have fallen less than 7 per cent since their 1993 peak earlier this month. The reason may be that, as with the clash between British Airways and Virgin in the UK, the implications for the company are less than meets the eye. Mr José Ignacio López de Arriortua has acquired a legendary reputation in the motor industry, but GM's share price

quickly recovered from the shock of his defection in March. It is far from clear whether his tenure at VW will be unacceptably short, but the effect may be equally transitory if the worst does come to the worst.

VW's labour-shedding programme was in place before Mr López arrived with a brief to cut component costs. His appointment was a final admission on VW's part that radical action was needed. Mr López has not been there long, but he will have had sufficient time to indicate to his new employers how much saving to expect and how it can be achieved. It matters less who now actually implements a programme similar to that already carried out by other large motor companies.

The greater risk to VW is that, in promising to return to the black next year, it may have underestimated the downturn in the European car market. If it is protected, producers may have to contend with price falls as well as lower volumes. That would cancel out some of the cost savings VW is now starting to generate.

Tiphook

Trying to put a fair value on Tiphook's shares is one of the market's more esoteric diversions. Following its poor annual results, British investors have shunned the shares, driving the price down to a point where they yield more than 12 per cent. The London market harbours an innate suspicion of companies which support £1m of debt on shareholders' funds only one-fifth that level and have an unhappy history of hemorrhaging cash.

Yet tastes clearly differ in the US where Tiphook has developed something of a fan club. The televised rumormongers of a US fund manager - and substantial shareholder - about a possible bid sparked a surge of interest in Tiphook's ADSs. Tiphook's denial that it was in any takeover talks failed to damp investors' ardour. Its shares closed 24 per cent higher yesterday.

Of course, Tiphook could become a bid target. GE Capital recently bought its rival TIP Europe. Nevertheless, the hope seems a tenuous thread by which to suspend such a heavy weight of financial worries. Tiphook must be fervently praying that last night's telephone conference with 500 US investors does not have the same effect on its share price as its recent talks with UK analysts.

Nicaragua strikes back at rebels as fighting kills 30

By Tim Coone in Managua

NICARAGUAN troops backed by helicopter gunships and armoured vehicles yesterday counterattacked rebels who seized control of a provincial capital and blocked the Pan American highway on Wednesday.

Heavy fighting was reported to have killed 30 people in and around the city of Estelí in the north of the country, with a further 70 injured. The fighting is the most serious challenge to the authority of President Violeta Chamorro's government since she took power from the leftwing Sandinistas in April 1990.

The rebel troops are leaving veterans from the war in the 1980s when US-backed Contra rebels tried to overthrow the Sandinista government. They are led by a former Sandinista army major who commanded an elite counter-insurgency battalion in the 1980s.

There is growing concern that if the army cannot regain control in the next 24 hours, further towns in the north will fall to the rebels and that rioting might break out in the capital and other cities. But for the moment the government has ruled out a state of emergency.



Calling themselves the Workers' and Peasants' Revolutionary Front, the rebels are demanding that the government make finance available for small farmers and craftsmen, and that demobilised troops - numbering around 100,000 - should receive free health and education and lifetime pensions. The rebels are also trying to halt the privatisation of gold mines and sugar and banana plantations.

The government has said it is not prepared to negotiate with

the rebels, and a spokesman for the army, which continues under Sandinista control, described the rebels as "delinquents" who would be pursued into the mountains and destroyed.

While condemning the rebels, the leadership of the Sandinista FSLN party has urged the government to take urgent action to alleviate growing poverty in the countryside.

Deep rifts have recently appeared within the FSLN. The radical wing of the party, supported by trade union and peasant farmers, wants to break away from what has evolved into a coalition government of social democrats, other centrists and FSLN moderates.

The army, under the command of General Umberto Ortega, is firmly behind the government. However, the government is now being attacked from both right and left as austerity measures implemented over the past two years produce sharp cuts in social services and rising unemployment.

A loose alliance of rightwing and leftwing rebels in the mountains has been skirmishing with the army for the past year. They are thought to number about 1,500.

ERM currencies under pressure

Continued from Page 1

ous stage. "Up until now it has been something of a phoney war," said Mr Potts. "Today, for the first time we have seen very heavy selling pressure."

Mr Edmond Alphandéry, the French economy minister, yesterday reaffirmed the government's commitment to the franc's current ERM parity.

In an interview published in Le Figaro he said: "The markets have to understand that our determination is total. The priority is monetary stability. The cornerstone is the maintenance of

the parity between the franc and the D-Mark."

But several currency traders said the franc was more vulnerable than before because the recession affecting the French economy made it harder to protect the currency through a sustained period of high interest rates.

The group's chief executive, Mr John Robb, will take over as interim chairman. The company insisted the measure would be temporary until a replacement could be found.

FT WORLD WEATHER

Europe today

An extensive ridge of high pressure will give France and the Alps dry and sunny periods. Temperatures will rise to 20C-25C, reaching 30C in southern France.

Frontal systems associated with a depression north of Scotland will cause some light morning rain or drizzle in most of the UK and the Low Countries. In the afternoon, especially in the southern regions, some clearing will occur.

In Spain and Portugal, the sunshine and heat will continue. Greece will stay sunny but increasing northerly winds will keep temperatures below 30C. Scandinavia and Russia will stay unsettled with thundery showers.

Five-day forecast

A cold front with rain or thunder showers will move over the Low Countries and France on Saturday and then move east. Behind this system, the next few days will feature cold and unstable air pushing into north-western Europe. Scandinavia will still be unsettled and rather cool. Southern Europe will remain mostly sunny and very warm.

TODAY'S TEMPERATURES

Abu Dhabi	fair	41	Birmingham	fair	22	Chicago	fair	26	Faro	sun	32	Majorca	sun	31	Rangoon	sun	28
Accra	cloudy	27	Bombay	showers	22	Cologne	cloudy	22	Frankfurt	fair	24	Malta	fair	30	Reykjavik	showers	14
Algiers	sun	32	Buenos Aires	fair	28	Copenhagen	showers	18	Geneva	fair	25	Manchester	cloudy	21	Riyadh	sun	43
Amsterdam	fair	19	Caracas	showers	27	Dakar	fair	30	Glasgow	showers	19	Melbourne	rain	20	Rome	fair	22
Athens	fair	32	Dublin	fair	21	Dallas	fair	37	Hamburg	rain	20	Mexico City	showers	22	Sao Paulo	showers	27
Bangkok	thund	34	Edinburgh	fair	21	Delhi	cloudy	33	Helsinki	showers	20	Montreal	showers	24	Singapore	rain	31
Barcelona	sun	28	Hong Kong	fair	31	Denver	fair	37	Honolulu	cloudy	23	Moscow	thund	23	Stockholm	showers	18
Beijing	showers	28	Islamabad	cloudy	28	Detroit	fair	31	Jakarta	cloudy	29	Mumbai	thund	28	Strasbourg	cloudy	26
Belfast	showers	19	Kuala Lumpur	sun	42	Frankfurt	cloudy	21	Khartoum	cloudy	29	Nairobi	cloudy	24	Taipei	sun	33
Belgrade	fair	22	London	fair	27	Los Angeles	cloudy	21	Kuwait	sun	47	Nassau	fair	30	Tokyo	sun	28
			Madrid	fair	27	Las Palmas	fair	27	La Paz	cloudy	17	Nice	sun	25	Toronto	sun	26
			Manila	fair	27	Lisbon	sun	27	Lebanon	sun	37	New York	sun	29	Tunis	sun	31
			Medan	fair	27	London	fair	25	Libya	sun	37	Nicosia	sun	29	Vancouver	cloudy	18
			Mexico City	fair	27	Los Angeles	cloudy	21	London	fair	25	Nicosia	sun	29	Venice	fair	23
			Paris	fair	27	Luxembourg	cloudy	21	London	fair	25	Nicosia	sun	29	Warsaw	fair	19
			Perth	showers	15	Lyon	cloudy	26	London	fair	25	Nicosia	sun	29	Wellington	showers	13
			Prague	fair	28	Madrid	fair	28	London	fair	25	Nicosia	sun	29	Winnipeg	showers	24
			Rio de Janeiro	fair	24	Madrid	fair	28	London	fair	25	Nicosia	sun	29	Zurich	fair	24

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AFT24

INTERNATIONAL COMPANIES AND FINANCE

IRI's plans to set up two steel specialists in revamp

By Haig Simonian in Milan

IRI, the Italian state holding company which controls the Ilva steel group, yesterday unveiled the outline of a restructuring plan designed to improve the performance of its biggest loss-maker and overcome European Commission objections to an earlier reorganisation project.

The plan involves creating two new companies specialising in flat products and stainless steels respectively.

The plan echoes some of the main elements of its predecessor, unveiled in April, notably the retention of a core steel-making business based on Ilva's big Taranto integrated steelworks and the Novi Ligure coated products plant.

The two units would form the basis for the new flat products company. The second company would make stainless steels, which are produced at Ilva's big Terni works in central Italy.

Significantly, the new plan makes no mention of Ilva's

debts of L7,583bn (\$4.74bn).

The previous project entailed transferring much of the debt, along with some steel-making facilities, to IRI, triggering a furious row from other European steelmakers and the Commission.

IRI, which has itself appeared to change track since the appointment last month of Mr Romano Prodi as chairman, hopes the new plan will overcome Commission objections by stressing that all Ilva's activities are now for sale.

Barclays, the UK banking group, has been given a mandate to advise on the disposal of Dalmine, the quoted tubes group, in which Ilva has a majority stake, and the new Terni-based company.

Informal negotiations, predominantly with Italian private-sector steelmakers, are also under way on selling stakes in the flat products company. Any remaining Ilva businesses would be either closed down or sold, said an IRI official.

Mr Prodi yesterday said IRI

had already received expressions of interest for some of its activities from both Italian and foreign steel groups.

This week, Mr Paolo Savona, the Italian industry minister, told a parliamentary committee that details of the restructuring, based on the outlines revealed yesterday, would be presented to the Commission by early October.

Unlike the former proposal, it is likely that the new plan will be fleshed out in collaboration with the Commission to prevent another clash over financial aspects of the need for production cuts.

Alumina, the aluminium subsidiary of the state-owned Efim group, now in voluntary liquidation, announced a reduced loss of L584bn last year against L743bn in 1991.

It is unclear to what extent the improvement derived from specially-subsidised electricity tariffs granted to much of the company's smelting activities.

Banco Santander gains 9% at halfway

By Tom Burns in Madrid

BANCO Santander, the Spanish private bank, yesterday posted the biggest first-half profit increase among the leading domestic institutions by lifting net income 9.1 per cent to Ptas47.1bn (\$354.1m).

Mr Emilio Botin, the chairman, said the results were due to an expanding customer base, increased international diversification, the stable trend in its traditional business areas and strong results in its Treasury and capital markets operations in Spain and abroad.

Santander raised its January-June return on assets to 1.31 per cent from 1.10 per cent in 1992, it increased its net profits by 11.8 per cent on the preceding year, and its first-half return on assets to 25.81 per cent from 1992's 20.34 per cent.

The banking group's BIS capital adequacy ratio stands at 13.37 per cent.

Operating profit increased by 27.05 per cent to Ptas72bn in spite of a 14 per cent increase in operating costs that was due to expanded commercial activities and to the impact of the peseta's devaluation on foreign currency expenses.

The additional costs were offset by large earnings in the group's Treasury and capital-market operations that lifted its ordinary income by 106.8 per cent to Ptas36.7bn.

Non-performing loans, which have been undermining the banking sector's results in Spain, grew by 9.3 per cent in the first half of this year and represent 3.48 per cent of the group's risk assets, up from 3.16 per cent.

Santander, which is a highly conservative bank, raised its provisions by 76.8 per cent to Ptas37.6bn to keep its non-performing loan coverage at 100.2 per cent. Mr Botin welcomed the "very satisfactory results" at First Fidelity, the US bank in which Santander has a 19 per cent stake.

The group will pay a quarterly dividend of Ptas62 per share on July 31.

Losses widen at German insurer

By David Waller in Frankfurt

MÜNCHENER Rückversicherung (Munich Re), Europe's largest insurance group, is to pay an unchanged annual dividend, in spite of heavier losses from mainstream reinsurance business.

The company blamed the increase in losses on Hurricane Andrew, which hit the southeast of the US last summer and mounting car theft.

Munich Re gave no figure but the loss is likely to be in the region of DM1bn (\$588m) after losses of more than DM900m last year.

The group said income from

investments and from general insurance business more than made up for the renewed loss and parent company profits would be the same level as in the previous year.

This, Munich Re said, would enable the payment of a dividend of DM10 per share - the fifth year in succession that the Munich-based group has paid this dividend.

It voiced optimism about the future, saying that capacity in the world reinsurance market was beginning to shrink after a number of years when the industry was beleaguered by the double burden of excess capacity and a row of natural disasters.

This began with Hurricane Hugo in 1989 followed by the winter storms in 1990, Typhoon Mireille in 1991 and Hurricane Andrew last summer.

Munich Re said that after this period of disastrous conditions for the reinsurance industry there was a chance of a substantial improvement in prices for reinsurance coverage.

There had been a noticeable improvement in prices and conditions for reinsurance and the trend was expected to continue throughout the current year, Munich Re said.

The company warned that at the group level, there would be a small decline in 1992-93 earnings as investment and other income had not fully offset mainstream underwriting losses.

Last year, group net earnings were DM177.5m, nearly 70 per cent up on the previous year.

Group premium income for 1992-93 increased by 11 per cent to about DM25bn, Munich Re said.

Premium income at the parent company rose to DM15bn from DM14.6bn in 1991-92.

Total group investments climbed 6 per cent to DM76bn by the end of June.

Munich Re will publish the full details of 1992-93 figures in October.

UK retailer sells French unit

By Neil Buckley in London and David Buchan in Paris

BOOTS, the retailing and pharmaceuticals group, agreed yesterday to sell its French retail subsidiary Sephora for 240.9m (\$81m), as it reported encouraging trading figures and said it saw signs of recovery in the UK retail sector.

Sir Christopher Benson, chairman, told an annual meeting disrupted by animal rights protesters that group sales in the three months to June were up 7.7 per cent on last year. The group expected some further recovery in the retail sector generally during the year.

Sephora is being sold to French retailer Altamir for FF360m (\$61m), made up of FF178m for the shares and FF182m to repay inter-com-

pany loans. Sir James Blyth, chief executive, said Sephora made a profit in the year to March in spite of tough market conditions, but Boots's strategy demanded all businesses were capable of producing "significant value" for shareholders.

"It is Boots's only retail interest outside the UK and will not meet our very demanding performance criteria in the foreseeable future," he said.

Sephora has made a substantial turnaround in the past few years, from an operating loss of FF60m in 1988 to a small profit of FF10.27m last year. With 38 shops, it is the market leader in a highly fragmented sector which numbers 2,500 French cosmetics and perfume retailers.

Shareholders heard yesterday that all Boots's businesses except Do It All, the DIY joint venture with W.H. Smith, enjoyed sales increases in the first quarter. Sales were up 5.3 per cent at Boots the Chemists, 10.4 per cent at Halfords, 15.8 per cent in Children's World, 8.6 per cent in Boots Opticians, 3.2 per cent at A.O. Stanley, 11.1 per cent in Boots Healthcare International, and 17.1 per cent in Contract Manufacturing.

Sir Christopher reiterated Boots's commitment to its pharmaceuticals division - where sales were up 11.5 per cent - in spite of the withdrawal of the Manoplax heart drug.

The division was developing a "strong and encouraging new product pipeline", he said. Picture, Page 24

Portuguese bank ahead at mid-term

By Peter Wise in Lisbon

BANCO Comercial Portugues, one of Portugal's leading private banks, yesterday reported first-half net profits of Esc6.6m (\$8.1m), a 2.3 per cent increase on the first six months of last year.

The results reflected a 9 per cent increase in the second quarter after a negative result of 2.9 per cent during the first three months of 1993.

Mr Jorge Jardim Gonçalves, BCP president, said the sustained growth in the volume of remunerated assets supported by a broadening of the base of depositors, a satisfactory evolution of commissions and the recuperation of the bank's financial margin after the devaluation of the escudo all played a positive role in the results.

The bank's cash flow reached Esc27.7bn during the first six months of 1993, up 9.2 per cent on the same period the previous year.

The contribution of subsidiary companies to the first-half results increased to 22.4 per cent this year from 13.7 per cent of the total in the first six months of 1992.

Net earnings per share reached Esc8 during the first half of 1993. Return on assets was 1.2 per cent and the net profitability of own capital was 12.3 per cent. The bank's financial margin rose to 4.7 per cent.

Sachsenmilch suspended in Frankfurt

By Judy Dempsey in Berlin

TRADING in Sachsenmilch, the only eastern German company listed on the Frankfurt stock exchange, was suspended yesterday following losses and large cost overruns.

The dairy group, based in Dresden, whose majority shareholder is the bank Südmilch of Stuttgart, was listed on the exchange in 1991 in expectation that investments of DM260m (\$152.9m) would increase the market share in the eastern states of Saxony and Thuringia.

The shares were issued at DM80, and suspended at DM60.

Deutsche Bank, the dairy's principal creditor, which prepared the company for the listing, said the agricultural ministry of Saxony and Südmilch were trying to assess the extent of the losses.

Belgian cement group in Polish acquisition

By Christopher Robinson in Warsaw

CIMENTERIES CBR, the Belgian cement producer, has agreed to pay DM90.4m (\$52.5m) for stakes in two cement works in Poland. It will acquire 30 per cent of the Gorazdze works and a 42 per cent share in the Strzelce Opolskie factory, which together produce one-quarter of Poland's cement output.

CBR, which has sought to purchase Gorazdze for over two years, has also promised to buy a further 21 per cent of the shares in the plant in 1997 as well as 38 per cent of the equity in Strzelce, which uses the more costly wet process technology, for DM55.2m.

The Belgian company has also promised to invest DM76m in new equipment for Gorazdze and DM23m for equipment at Strzelce.

A further DM72m will be

spent on upgrading marketing operations and DM11m on reducing pollution.

The final stages of the negotiations were accompanied by a strike alert called by the Solidarity trade union branch at Gorazdze, which has been resisting a majority takeover by foreign capital.

It has also supported the Initiative Group (IG), an employee and management bid to purchase the works backed by local banks and several western investment funds.

Mr Janusz Lewandowski, the privatisation minister, yesterday afternoon signed an undertaking for the union and the IG promising that 10 per cent of the equity at Gorazdze would be handed over free to the employees.

The remaining 30 per cent would be sold to the IG and the Polish Development Bank, through the Warsaw Stock Exchange.

This announcement appears as a matter of record only.

The Republic of Argentina

has sold a 50% interest

in

Hidroeléctrica El Chocón S.A.

comprised of hydro-electric generation assets of

Hidronor



to a consortium formed by

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The undersigned acted as advisors to the Republic of Argentina in structuring and negotiating the sale.

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Liberty Life to float stake in investment unit

By Philip Gawth
in Johannesburg.

LIBERTY Life, the big South African life insurance group, plans to raise R1bn (\$300m) by floating 20 per cent of its investment portfolio subsidiary on the local stock market.

The company to be floated is Liblife Strategic Investments (Liblife). The market value of its investment portfolio, which includes stakes in some of South Africa's leading blue chip companies, is around R550m.

Mr Donald Gordon, chairman, said half of the flotation proceeds would be used to redeem preference shares in Liblife with the balance used to develop Liberty Life's main-stream insurance business.

Mr Gordon explained that the transaction provides greater transparency about Liberty's strategic holdings, thus making them more attractive to investors.

Mr Gordon feels that - once financial sanctions against the country disappear - there is potential for a considerable

flow of portfolio funds into South African equities.

He believes Liblife would be an attractive destination for such funds since it has large holdings in some of South Africa's largest blue chip companies which are traditionally very tightly held.

The Liblife portfolio includes a 23.8 per cent holding in Stanbic, South Africa's leading banking group; 9.4 per cent of South African Breweries, the consumer goods company; and 23.4 per cent of the Premier Group, the food company.

It also has a 4.6 per cent in Gold Fields of South Africa, the mining house with some of the richest gold mines. Liblife does not hold Liberty's strategic offshore holdings.

The listing, one of the largest in South Africa, will be of R500m ordinary shares in Liblife. The shares have a net asset value of about R10 each.

The move will allow Liberty to redeem expensive debentures and invest the balance in a manner that would earn substantially higher returns than Liblife was offering.

Vietnamese fund raises more than expected

By Alexander Nicoll,
Asia Editor

THE PROSPECT of rapid development in Vietnam has prompted European investment institutions to commit \$44.6m to the Vietnam Fund, more than double the amount it had been hoping to raise this year.

The offering, which closed yesterday, was the second by the Dublin-listed fund, which is the only quoted vehicle for investment in Vietnam. The response was in marked contrast to the initial offering in 1991, when it managed to raise only \$10m after seeking \$30m.

Mr Martin Adams, managing director, said this year's plan had been to raise \$20m in Europe, and a further \$24m in the US, provided that President Clinton lifted the American embargo on dealings with Hanoi. However, the success of the issue in Europe means the fund now has no plans to raise further capital.

The Vietnam Fund, which takes significant minority stakes in projects producing hard currency or with foreign involvement, has committed its existing cash to agricultural and real estate projects.

The new offering of shares, at 13.9 per cent above the net asset value of \$9.88, is partly paid, providing about \$19m of cash now and the remainder of the \$44.6m after a year.

Mr Adams said a dozen projects were expected to be considered by the fund's investment committee in the next six months.

Though Vietnam has long been thought to offer huge promise, the US embargo has severely hampered the country's development, despite the government's programme of market-oriented economic reforms.

However, President Clinton announced this month that he would remove a US block on Vietnam repaying its arrears to the International Monetary Fund, clearing the way for the IMF, World Bank and Asian Development Bank to resume lending.

Loan leak dampens Barito flotation hopes

William Keeling on the struggle to go public facing Indonesia's largest timber group

BARITO Pacific Timber may rue the day it decided to go public. In the last month, the company has suffered a spate of poor publicity, culminating in the withdrawal this week of Salomon Brothers, the US securities house, as the issue's lead foreign co-ordinator.

Looking to raise about \$250m, its flotation - planned for October - would make Barito the second largest company on the Jakarta Stock Exchange, with a market value of about \$250m. It would allow investors a share in Indonesia's largest integrated timber processor, accounting for 18 per cent of the world market in plywood.

The company says it made a gross profit of Rp231bn (\$12m) last year on net sales of Rp789bn and forecasts a Rp647bn gross profit this year on substantially higher sales of Rp1,157bn. Its timber concessions, at over 6m hectares, make up an area greater than Switzerland.

Despite such bullish forecasts, the company has been forced on to the defensive following the leaking of a document, published in the local press and allegedly compiled by the government, listing its parent Barito Pacific Group as a large borrower from the state banks.

The Barito Pacific Group contains over 100 subsidiaries

- ranging from timber to palm oil, petrochemicals to banking - in which Mr Pradjono Pangestu, chairman, is a shareholder. Executives estimate the group's 1992 turnover at about \$2.5bn.

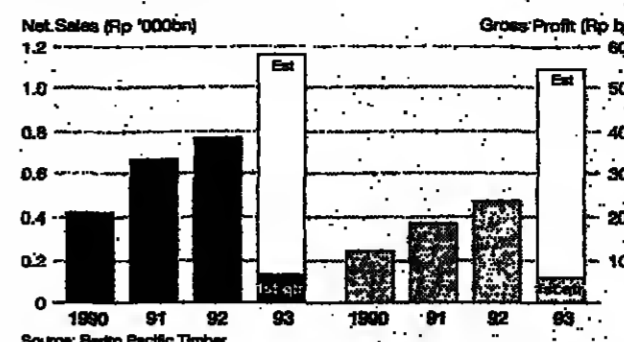
Mr Pangestu denies the group carries any unserviced loans and says the state banks have written letters confirming it is current on all debt. Colleagues of Mr Pangestu express disappointment that government officials have refused to deny the leaked document's authenticity.

However, poor publicity continued last week when Mr Pangestu was summoned to parliament. He was asked to explain a deal, announced on July 7 but signed in February, in which Taspen, a state pension fund, took a 20 per cent stake in Barito Pacific Timber for Rp975bn.

The deal valued the company at Rp3,000 a share, compared to the anticipated Rp7,200 price at which the planned flotation is to be set. Barito says all procedures were correctly followed but the government has announced a review of the transaction.

The withdrawal of Salomon Brothers on Monday at the start of a two-week international roadshow has further hindered the company's ability to market its flotation. Brokers say Indonesian regu-

Barito Pacific Timber



Source: Barito Pacific Timber

lations limiting disclosure - including details of Mr Pangestu's majority shareholding in the company - may have resulted in Salomon having insufficient information to satisfy US regulatory authorities.

The flotation will proceed, stress officials close to Barito, who say Croissy Securities, which specialises in Asian markets, and Schroders, the UK investment bank, will replace Salomon as co-ordinator of the foreign placement.

Brokers say Bank Bumi Daya and Bapindo, two Indonesian state-owned banks, will back the issue and Barito's supporters argue that the company is coming to the market at an auspicious time, just as world timber prices are rising.

The world price of plywood and blockboard, Barito's main

products, has risen from about \$320 per cubic metre in January to \$520 in the August spot market.

The company says 55 per cent of the funds raised by the flotation will be invested in a 500,000 tonnes a year pulp and paper mill in South Sumatra to be owned by Tanjung Enin Lestari, in which Barito has a 40 per cent stake.

Tanjung Enin Lestari is a joint-venture with Citra Lamtoro Gung, led by President Suharto's eldest daughter. The remaining funds will be split between developing industrial forest concessions and paying down Barito debt.

Barito's critics, however, say it will struggle to attract foreign investors and that the backing of international financial institutions is not secure.

As one potential financial backer explained yesterday: "Items still need to be disclosed by Barito. We... do not feel comfortable with the information provided on affiliated companies and the debt position."

Barito Pacific Timber's debt was \$684m at the end of 1992 but Mr Pangestu has declined to reveal the parent group's total borrowings on the grounds of banking secrecy. "I know exactly how big our loan exposure is but I cannot disclose this to the public," he said.

Some potential investors are concerned about Mr Pangestu's management style. Barito directors say they will provide prudent management. Mr Pangestu has been in business long enough to know the importance of his management team and their opinions count," noted one executive.

The board, however, supported Mr Pangestu's request in January for a Rp150bn loan from Barito Pacific Timber to buy a stake in Astra International, Indonesia's largest automotive company.

Mr Pangestu has pledged his Astra shares as collateral and made a personal guarantee of repayment. The loan was "just like any other transaction that we have," explained a Barito director.

Anglo American group lifts profits by 20%

By Philip Gawth

GOLD mines in the Anglo American group, the world's largest gold producer, increased available profit by 19.7 per cent to R251.1m (\$76m) in the June quarter, compared with the preceding March quarter.

The profits advance stemmed from higher production - up by 1.1 per cent to 67,893kg - a 4.7 per cent increase in average revenue to R36,327 per kg and a modest increase in total working costs to R1,834m from R1,795m.

Although the impact of hedging dilutes the full benefit of the recent firm gold price on profits, the large dividend increases at some mines - up by 155 per

cent at Western Deep Levels and 100 per cent at Elandsrand - are a clear indication of the better times in the industry.

All five mines in the group increased profits after tax and capital expenditure. Available profit rose by 11.2 per cent at Freegold to R102.5m by 27 per cent to R70.7m at Vaal Reefs; by 17 per cent to R38.1m at Western Deep Levels; by 51 per cent to R28.7m at Elandsrand and by 12 per cent to R11.1m at Ergo.

Mr Lionel Howitt, managing director, said that the recent 30 per cent increase in the rand gold price would not have any dramatic effect on mining strategy before there was clear evidence that the current price trend was sustainable.

National Australia Bank in property tender plan

By Bruce Jacques in Sydney

NATIONAL Australia Bank, the Australian financial services group, plans a sealed bid tender programme to sell about A\$142m (US\$97m) worth of commercial and residential property.

Under the plan, the first time such a system has been used, the bank will offer for sale 41 properties throughout Australia, which it holds as mortgagee in possession.

If successful, the tender strategy may prove attractive to other major Australian banks which have combined

problem property loans of more than A\$10bn, although only some of these are held as mortgagee in possession.

The obvious advantage of the tender process to the NAB is an increased possibility of selling properties en masse rather than piecemeal. Mr Michael Johnstone, group manager of the NAB's property finance division, believes the process has advantages for potential buyers.

He said properties had appraised values varying between A\$400,000 and A\$16.2m, with estimated yields ranging from 13 to 21 per cent.

NZ fish farmer launches bid for rival

By Terry Hall in Wellington

SALMOND Smith Biolab yesterday launched a shares and cash NZ\$28m (US\$15.4m) takeover bid for rival New Zealand fish farmer, Regal Salmon.

The bid follows a fall in the Regal Salmon share price following a turnaround in earnings from a NZ\$2m profit last year to a NZ\$3.3m loss in the year ended March.

Regal Salmon shares have fallen from a high of NZ\$2.80 late last year to around 80 cents prior to the bid.

More foreign companies to delist from Tokyo SE

By Emilio Terazono in Tokyo

THREE foreign companies yesterday applied to delist from the Tokyo Stock Exchange's foreign section. The move is scheduled for October 30.

The three are Warner-Lambert and Bellsouth of the US, and Dixons of the UK. They will take the number of delistings since 1992 to 13, including General Motors of the US, Philips of the Netherlands and Royal Bank of Canada.

The three companies said high costs and administrative burdens were the main reason

for ending their Tokyo presence.

The fall in trading activity has also become a concern for foreign companies, which have primarily listed in Tokyo to enhance their international profile.

Shares traded in Tokyo peaked in 1987 with a daily average of 2.76m shares traded; daily volume fell to some 200,000 shares this year.

Tokyo trading in foreign stocks started in 1973. The latest delistings will reduce the number of listed companies to 111, down from a peak of 127 in late 1991.

BANCOMER CLOSES SUCCESSFUL SALE OF COMPAÑIA MINERA AUTLAN, S.A. DE C.V. (AUTLAN) TO PRESTIGIOUS GROUP OF NATIONAL AND FOREIGN INVESTORS

Upon submittal of final bids by the three largest investor groups in the mining metallurgical industry, the sale of AUTLAN was closed July 12 in the offices of BANCOMER, S.A., ending the privatization process in which nearly 40 bidders participated. The event was attended by representatives of Mexico's Ministry of Finance and Public Credit (SHCP); the Ministry of the Controller General of the Federation (SECOGEF); the Treasury of the Federation (TESOFE); other government agencies; and the buyer, GRUPO FERROMINERO, S.A. DE C.V., headed by Jose Antonio Rivero Larrea. Also present were officers of the Mergers and Acquisitions Division of BANCOMER'S Institutional Banking Directorship, which was responsible for sales strategy design and implementation, headed by its Director General, Hector Rangel Domeoe. He was accompanied by Horacio Septien Infante, Director of the Mergers and Acquisitions Division, and Arturo Arias Zebadua, Edna Escobar Martinez and Alvaro Vargas Briones, members of the privatization team.

AUTLAN was formed in 1953 in the Municipality of Autlan, State of Jalisco, for the purpose of making Mexico self-sufficient in the production of manganese, ferroalloy and other mineral resources and alloys, consolidating its position as a major ferroalloy manufacturer in Mexico and Latin America. Subsequently, after the government acquired an interest in its management and after a series of attempts to privatize it, the corporation was assigned to BANCOMER for privatization.

Thus, after eight months of intense work, frequent meetings and negotiations with both national and foreign groups, BANCOMER closed the sale of AUTLAN to GRUPO FERROMINERO, S.A. DE C.V. Among the Group's shareholders is the South African company SAMANCOR, world leader in manganese production.



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An important advancement for the mining and metallurgical industry in Mexico and Latin America

The government of Mexico selected Bancomer's Mergers and Acquisitions Division to oversee the sale of Autlan as part of the continuing privatization of companies under Mexican government control.

Bancomer, S.A., a subsidiary of Grupo Financiero Bancomer, is one of Mexico's largest full-service financial institutions and the leading retail bank in Mexico.

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INTERNATIONAL COMPANIES AND FINANCE

BankAmerica fails to keep up with sector gains

By Richard Waters in New York

BANKAMERICA, the second biggest US bank, saw only a slight improvement in second-quarter earnings compared with the first three months of the year.

The bank was held back by the slow economic recovery in California, its home market.

It recorded second-quarter net income of \$489m, or \$1.20 a share, compared with \$449m, or \$1.19, in the first three months.

In the second quarter of 1992 it returned post-tax profits of \$240m, after restructuring charges following its merger with Security Pacific. Excluding non-recurring factors, net income in the second quarter of 1992 was \$421m, or \$1.19 a share, the company said.

The gains were less than those shown recently by other



Richard Rosenberg: paying attention to bank costs

big US banks, which have generally seen a faster improvement in credit quality and bigger gains in trading revenues. Mr Richard Rosenberg, chairman, called the figures "encouraging" and pointed to

improved credit quality in its loan portfolio and "higher levels of customer activity in some market segments towards the end of the quarter".

He added that economic conditions, particularly in California, were likely to limit revenue growth, leading to greater attention to the bank's costs.

Net interest before provisions for credit losses of \$202m (down from \$235m in the first quarter and \$240m a year ago) was \$1.56m, an increase of \$9m over the first quarter.

By the end of June the bank held \$99m of assets intended for sale, \$89m less than three months ago largely as a result of a bulk sale of properties to a Morgan Stanley property fund.

Non-interest income fell by \$31m during the quarter to \$1.05bn, although this was more than accounted for by \$38m of non-recurring gains in the earlier period.

Income drops 28% at Dow Chemical

By Karen Zagor in New York

DOW Chemical, the second biggest US chemicals group, yesterday unveiled a 28 per cent drop in second-quarter operating income. The decline reflected the poor performance of its personal care division and a large pre-tax charge at Marion Merrell Dow, the pharmaceuticals group which is 71 per cent owned by Dow.

Stripping out Dow's portion of the charge and other extraordinary items, the company earned \$205m, or 75 cents a share, against \$198m, or 71 cents a year earlier. Including one-time items, Dow net income was \$149m, or 54 cents, in the latest quarter.

It blamed flat volume and a 1 per cent price decline for its weaker sales in the quarter, which fell to \$4.82bn from \$4.86bn in the 1992 period.

This month Dow said Marion Merrell would take charges to cover cost-cutting measures aimed at saving about \$250m a year. The group has been hit by sliding sales of its Nicoderm smoking patch and the expiry of patents of its best-selling product.

Dow's consumer specialities business saw underlying operating income drop 9 per cent in the quarter on sales which fell 5 per cent. Including the Marion Merrell Dow charge, operating income for the business plunged 57 per cent.

Chemical and performance products posted a 28 per cent improvement in operating income to \$110m on flat sales of \$1.1bn. Plastics operations operating income rose 12 per cent on sales which eased 1 per cent to \$1.7bn.

Hydrocarbons and energy had operating earnings of \$5m in the quarter, against an operating loss of \$48m, while sales rose 19 per cent to \$4.54m.

For the first half, Dow had net income of \$551m, or \$2.01, compared with a loss of \$394m, or \$1.46. Last year's results included a charge of \$765m for accounting changes.

Texaco doubles second-term profit

By Richard Waters

A RISE in natural gas prices in the US and a further improvement in refining and marketing margins enabled Texaco to double net profit in the second quarter compared with a depressed quarter last year.

But Mr Alfred McCrane, chairman, warned: "The international petroleum industry is faced with continuing uncertain world economic conditions, as well as the oversupply of crude oil, which has pushed oil prices down by \$3 a barrel since May."

He added that attention to controlling costs and other operational improvements

"will be particularly important in the forward period".

Post-tax profits reached \$309m, or \$1.10 a share, compared with \$151m, or 49 cents, a year ago. First-half net income was up from \$383m (before the effect of a \$300m charge reflecting an accounting change) to \$597m.

Second-quarter operating profits of \$419m, up from \$294m, were bolstered by \$153m from oil and gas exploration and production in the US, up from \$122m on the back of natural gas prices which recovered from low 1992 levels.

Upstream activities abroad returned an operating profit of \$28m, against \$49m, after benefiting from higher production

in the Middle East and Indonesia.

Refining and marketing operating profits fell from \$77m to \$68m in the US, reflecting "excess supplies of refined products" on the US east and Gulf coasts.

The international downstream operating result, aided by stronger margins in Latin America, rose from \$61m to \$120m. Petrochemicals suffered an operating loss of \$7m (a \$2m profit a year ago) due to higher feedstock and energy costs. Lower interest costs and cost-cutting reduced non-operating expenses by \$58m to \$210m.

Higher natural gas prices also boosted Occidental Petroleum, pushing second-quarter

net income to \$78m, or 21 cents a share, up from \$50m, or 16 cents, in the same period of 1992. Net income for the half year was \$155m, against a loss of \$37m last time when the company took a \$33m charge for an accounting change.

Second-quarter operating profits from oil and gas of \$130m, up from \$79m, were boosted by \$55m from a windfall tax refund and disposal of a stake in Trident NGL. In 1992, figures had been lifted by \$35m from a litigation settlement.

The chemical division's operating profits rose to \$60m from \$55m, due to cost reductions and a \$10m reversal of a provision to cover plant closures.

Bankers Trust moves ahead to \$251m as credit provisions fall

By Richard Waters

BANKERS Trust, the US bank which has become one of the leaders in the derivatives industry, reported net income for the second quarter of \$251m, or \$2.97 a share, a rise of a third on the \$186m, or \$2.16, a year ago.

A \$22m fall in provisions for credit losses, to \$3m, and a \$30m rise in net revenue from equity investments largely accounted for the improvement.

Higher revenues from trading in financial markets were

offset by a sharp rise in bonuses and other staff incentives and benefits, which were up by a half from a year before to \$205m.

The quarterly result pushed return on equity at an annualised rate to nearly 25 per cent, from 23 per cent last time.

First-half net income of \$406m (after an accounting change which led to a \$75m charge) was up from \$340m in the first half of 1992.

Net interest income - which includes trading-related gains associated with interest rate and currency arbitrage - rose

27 per cent to \$319m. Non-interest revenues were up by 21 per cent to \$322m, helped by a rise in trading profits from \$335m to \$405m.

The \$30m rise in net revenue from equity investments was partly offset by other factors, including losses from the revaluation of non-trading currency positions, resulting in total additions to non-interest income of \$70m against \$37m a year earlier.

Mr Charles Sanford, chairman, said the figures demonstrated the consistency of earnings across the company.

Delta maintains upward trend with \$7.1m

By Martin Dickson in New York

DELTA Air Lines, one of the big three American carriers, yesterday underscored the improving trend of US airline profitability by reporting net income of \$7.1m in its fourth quarter, compared with a \$180m net loss in the same period of last year.

The figures, which translated into a loss per share of 41 cents, down from \$3.72, came a day after American Airlines,

the largest US carrier, and USAir also reported a return to profit after a prolonged recession in the industry and a fare war. The figures were better than most analysts had been expecting.

Mr Ronald Allen, chairman of Delta, said the group's financial performance in 1993 was "unacceptable", even though it represented an improvement on the previous year.

For the full year, Delta lost \$369.7m, or \$9.41 a share, against a loss of \$506.8m, or

\$10.60, in 1992. Including the effect of accounting changes, it lost \$11m, or \$22.32 a share, in 1993.

In the latest quarter, operating revenues totalled \$1.31bn, up 11 per cent on the same period of 1992. Passenger revenue grew 10 per cent to \$2.9bn, thanks to 5 per cent growth in traffic to 20.9bn revenue passenger miles and a 5 per cent improvement in the passenger mile yield (the average price paid by each passenger to fly one mile) to 13.86 cents.

Operating expenses totalled \$3.07bn, down 0.6 per cent. Salaries rose less than 1 per cent, helped by a 6 per cent cut in staff numbers and a 5 per cent cut in the pay of many domestic staff.

Fuel expenses fell 1 per cent and maintenance costs 26 per cent.

The passenger load factor in the quarter rose to 63.15 per cent from 60.20 per cent a year ago, while the break-even load factor fell to 60.93 per cent from 66.29 per cent.

Solid growth for Schering-Plough

By Paul Abrahams

SCHERING-PLOUGH, the US healthcare group, reported second-quarter profits up 18 per cent from \$184m to \$213m. Turnover rose 10 per cent from \$1.02bn to \$1.12bn. Excluding changes in exchange rates, sales would have increased 11 per cent.

"Schering-Plough is performing extremely well, even as its US and international markets daily grow more challenging," said Mr Robert Luciano, chief executive and chairman.

"We expect solid growth in 1993 as Claritin continues to gain sales and market share in the US and as our most significant products progress internationally," he added.

The group's pharmaceuticals division reported sales up 12 per cent for the quarter. International turnover was particularly strong, up 18 per cent, while domestic sales rose 6 per cent.

For the first six months turnover in the drugs division rose from \$1.63bn to \$1.81bn.

Intron A, a new treatment for hepatitis C, Claritin, a non-sedating anti-histamine, and Eulexin, a therapy for prostate cancer, all generated impressive growth, said the company.

However, domestic sales of Proventil, a line of asthma products, fell, primarily because of generic competition.

Turnover at the Wesley-Jessen vision care business fell compared with the 1992 second quarter, due to lower sales of coloured contact lenses and the sale in May 1992 of its domestic contact lens solutions business.

The healthcare division, which includes over-the-counter products, sun-care and foot-care products, increased turnover 8 per cent.

Sales of sun-care products increased, but over-the-counter business fell due to the increasingly competitive environment for anti-fungal products.

For the first half, sales by the healthcare division dropped from \$408m to \$405m.

Blockbuster Entertainment advances 56%

By Karen Zagor

BLOCKBUSTER Entertainment, the acquisitive video rental company which owns the CityVision chain in the UK, yesterday posted a 56 per cent rise in second-quarter net income to \$47.7m, or 23 cents a share.

A year earlier, the Florida-based company reported net income of \$30m, or 17 cents. Revenues, including those from franchise-owned video stores, climbed to \$541.1m from \$448.1m.

The improved performance was struck on the back of strong gains in video rental sales and a better contribution from its music business.

For the first half, Blockbuster earned \$49.9m, or 43 cents on sales of \$1.26bn, compared with \$55.6m, or 31 cents, on revenues of \$994.4m.

Blockbuster expanded aggressively in the second quarter, acquiring a 21.3 per cent stake in Discovery Zones, which owns and franchises children's fitness centres. UK.

In March, Blockbuster said it would acquire a 48.2 per cent stake of Spelling Entertainment Group, an entertainment conglomerate built up by Mr Aaron Spelling. In its earnings release, Blockbuster said it owned 63.5 per cent of Spelling Entertainment and about 37 per cent of Republic Pictures Corporation, another film production company.

Blockbuster is also acquiring the businesses of its two largest franchises.

Efficiency improvements help Maytag climb 12%

By Martin Dickson

MAYTAG, the US appliances group which owns Hoover Europe, reported a 12 per cent increase in second-quarter net income, helped by more efficient production in North America.

It reported net income of \$21.3m, or 30 cents a share, compared with \$19.9m, or 28 cents, in the same period of last year - in spite of a rise in its effective tax rate from 36 per cent to 41.6 per cent.

Sales totalled \$753.3m, down 2.2 per cent, which the company said was due to currency conversion factors, the sale of its microwave oven business, and lower vending equipment sales.

Its North American appliance group had operating income of \$63.1m, up 34 per cent. But the increase was due partly to depressed 1992 results because of plant start-up costs. Sales were up marginally at \$588m.

Hoover Europe suffered an operating loss of \$3.8m, down from \$7.5m, while sales dropped 10.4 per cent, largely because of currency conversion factors.

In the first quarter, Maytag took a \$30m charge to cover the costs of a Hoover travel promotion in the UK which backfired. First-half net income, including that charge, totalled \$10.9m, compared with a \$263m loss last year after accounting changes.

Sales volumes push Pfizer to 15% rise in quarter

By Richard Waters

PFIZER, the US pharmaceuticals group, recorded a 15 per cent rise in post-tax profits in the second quarter, to \$253.8m. The result was attributed to higher sales volumes and a net gain of \$27m from non-recurring items.

A 3 per cent increase in turnover from a year ago, to \$1.75bn, was driven almost entirely by higher volume, with modest price rises largely offset by currency factors.

Earnings per share rose to 79 cents a share (73 cents excluding the net gain from the share sale), up from 66 cents a year ago. First-half net income of \$582.8m was ahead of the

\$234.6m of the first six months of 1992, which was struck after accounting changes reduced reported results by \$283m.

Pharmaceutical sales at Bristol-Myers Squibb fell 1 per cent during the second quarter compared with a year ago. The company blamed the drop on lower sales of its Capoten cardiovascular drug and government cost-containment measures in Germany and Italy.

However, sales of consumer healthcare products, medical devices and nutritional products all rose strongly, resulting in a 3 per cent growth in sales overall, to \$2.8bn.

Net earnings rose to \$202m, or \$1.01 a share, up from \$488m, or 92 cents a share, in the same period in 1992.

Abitibi-Price cuts deficit

By Robert Gibbons in Montreal

ABITIBI-Price cut its losses sharply in the second quarter, helped by firmer newsprint prices, a lower Canadian dollar and reduced operating costs.

Newsprint sales rose 17 per cent but uncoated groundwood papers were weak.

Net loss was \$318.2m (US\$142m), or 27 cents a share, against a loss of \$397.5m, or 55 cents, a year earlier. Sales rose 19 per cent to \$4.93bn.

The first-half loss was \$477m, or 69 cents, against a deficit of \$475.4m or \$1.11 a year ago, on sales of \$4.964m, up 21 per cent.

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July 1993

INTERNATIONAL CAPITAL MARKETS

Fresh rate cut hopes drive up most European prices

By Peter John in London and Patrick Harverson in New York

PRESSURE on the European exchange rate mechanism intensified yesterday, sending money market rates higher as hopes for rate cuts soared.

France took centre stage as the French central bank suspended its 5- to 10-day lending facility. Dealers said it also intervened in the money

GOVERNMENT BONDS

markets to support the currency.

On the Mafix, the Notionnel fell sharply during morning trading on growing economic uncertainty and the prospect of tighter monetary policy. The September contract was down 0.34 at its lowest, marking a fall of nearly one percentage point in the past two days.

Then, the Banque de France suspended its 7.75 per cent repo and replaced it with 24-hour funding at the same rate. There was some surprise that it did not raise rates as it did in January during the last bout of currency selling.

However, it sent a warning signal to the domestic banks, and the refusal to guarantee the level of lending for more than a day prompted a rise in a

number of short-term rates.

Two-year bond yields rose to reflect concern that short-term interest rates were on the turn. All this was compounded by speculation that France was about to devalue the currency, effectively decoupling from the ERM. OAT futures bounced back sharply to close 0.18 higher at 119.92.

Mr Brian Hilliard, European economist with SGST said: "French bond futures bounced on rumours that the franc would be devalued and, there is a battle royal in the making."

SPANISH government bond futures rose almost a full percentage point as a crumbling peseta led to a strong belief that the country would soon be forced to cut interest rates.

Unsurprisingly any central bank intervention, the peseta crashed through its central ERM rate of 166.66 against the D-Mark to hit 166.00. Dealers scrambled into 10-year bonds futures partly to hedge against the currency and partly to preempt what they considered an essential rate cut. The September contract jumped 0.93 to 92.83.

GERMAN debt prices gained yesterday in spite of a host of worrying economic data. Bund futures closed 0.28 up at 96.15.

FT FIXED INTEREST INDICES									
	July 22	July 21	July 20	July 19	July 18	July 16	July 15	July 14	July 13
3-month Euro	97.97	98.03	98.12	98.23	98.31	98.38	98.45	98.52	98.58
6-month Euro	117.11	117.18	117.13	117.15	117.15	117.15	117.15	117.15	117.15
12-month Euro	155.00	155.00	155.00	155.00	155.00	155.00	155.00	155.00	155.00
3-month UK	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
6-month UK	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
12-month UK	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
3-month US	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
6-month US	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
12-month US	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: FT Fixed Interest Indices. All figures are in millions of dollars unless otherwise stated.

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BELGIUM	6.00	03/03	112.850	-0.730	7.11	7.06	7.17
CANADA	7.50	12/03	101.850	-0.750	7.24	7.12	7.37
DENMARK	8.00	05/03	105.000	-0.550	7.18	7.02	7.00
FRANCE	8.00	05/08	108.474	-0.177	6.28	6.23	6.23
FRANCE	8.00	04/03	112.120	-0.550	6.78	6.79	6.81
GERMANY	8.75	04/03	101.850	-0.250	6.54	6.53	6.71
ITALY	11.50	03/03	103.510	-0.550	11.97	11.11	11.53
JAPAN	4.00	06/09	103.803	-	4.21	4.05	4.30
NETHERLANDS	7.00	02/03	104.300	-0.040	6.37	6.37	6.5
SPAIN	16.50	06/02	96.700	-0.113	10.34	10.37	10.17
UK GILTS	7.250	03/08	101.148	-0.332	8.78	8.66	8.59
	5.00	08/03	109.129	-0.350	7.50	7.39	7.50
	8.00	10/08	108.129	-0.232	7.67	7.84	8.1
US TREASURY	8.250	02/03	101.283	-0.283	8.17	5.70	5.88
	7.125	02/03	106.13	-0.152	6.83	6.56	6.7
ECU (French Govt)	8.00	04/03	104.520	-0.500	7.33	7.24	7.15

London closing, *denote New York morning session *Yield: Local market spread
Gross annual fixed income volume in US \$12.5 per cent of GDP

Source: U.S. OAK in 32nd, starts in decimal Technical Dept./ATLAS Profit Services

COMPANY NEWS: UK

Strong growth in Pru's single premium sales

By Richard Lapper

PRUDENTIAL, the UK's largest life insurance company, reported strong growth in single premium sales in the first six months of 1993 and a 5 per cent reduction in income from annual premiums.

The figures provide further evidence of growing interest among savers in life insurance products as interest rates fall, but consumers are still reluctant to enter long-term regular financial commitments because of concerns about job security.

Worldwide single premiums increased by 40 per cent to £2.8bn, with annual premium income down to £2.6bn. Overall new business grew by 14 per cent (based on annual premiums plus 10 per cent of single premiums).

In the UK single premiums

rose by more than a third to £1.4bn, mainly as a result of the continued popularity of the with profits Prudence Bond and strong sales of corporate pensions. Annual premiums fell by 11 per cent to £153m following an expected decline in the sale of industrial branch (or cash collection) policies.

Ordinary branch business remained unchanged at £143m. Single premium for corporate pensions increased by 28 per cent to £308m while annual premiums rose by 24 per cent to £211m. Single premium growth reflected strong sales of immediate annuities and transfers from other group schemes.

Prudential's international operations produced strong results, with sales of single premiums by Jackson National Life rising by 11 per cent to £1.1bn (£730m).

See Lex

TSB fails to agree terms over estate agency chain

By John Gapper

AN ATTEMPT by TSB Group to establish a company with National and Provincial Building Society to buy and manage its chain of 133 estate agencies has failed after the two organisations failed to agree a price for the network.

TSB Group and National and Provincial announced yesterday that "differences of opinion on the value of the businesses" had led to the heads of agreement signed in April being terminated after negotiations revealed differences.

TSB is thought to have asked for about £10m for the estate agency chain, which it hoped would eventually be sold to local managers as groups of businesses. It said it did not think the price offered would have given value to shareholders.

Mr Alastair Lyons, National

& Provincial's finance director, said the two sides had been "unable to come to a meeting of minds" as to the value of the estate agents after the society had approached the bank with the proposal.

TSB said it intended to continue to manage the chain, which made a £6m loss last year. The bank hopes that it would return to operating break-even this year as the number of transactions in the housing market rises.

Mr Lyons said the society would press on with its strategy of trying to acquire minority stakes in local chains of estate agents in order to be able to sell products through them. It had hoped the TSB purchase would follow this pattern.

TSB has been trying to sell businesses that it does not think contribute to its core retail banking franchise.

Johnson Matthey scheme pays 458.08p per share

By Catherine Milton

SHAREHOLDERS who took the cash alternative to Johnson Matthey's enhanced scrip dividend scheme will receive 458.08p per share under a new type of auction conducted by BZW Securities.

A total of 377,475 of the precious metals group's shares were auctioned to institutions for a strike price of 459p, a 6p premium to the reference price of 453p on which the scrip value was determined. BZW had previously promised shareholders a "floor" of 98 per cent of the reference price.

However, yesterday it also gave shareholders the benefit

of "best execution", under which it passed on the benefit of any premium on the share price over the floor. Shareholders thus received 101.33 per cent of the reference price, minus BZW's commission.

BZW said the value of its cash offer was 10.77p per share, compared with the enhanced scrip dividend of 10.65p and the ordinary of 7.1p.

Johnson Matthey's shares closed at 460p, up 7p. Mr Michael Perry, BZW assistant director, said: "It has been a very positively received. We had a comfortable volume of applications. It is a simple and efficient process which benefited shareholders."

William Hill subject of 'serious' approaches

By Maggie Urry

BRENT WALKER, the punts, betting and property group, has had a number of serious approaches for its William Hill subsidiary since it emerged that SG Warburg had put together a £360m consortium bid for the betting shop chain.

The approaches, which could involve taking an equity stake in William Hill rather than a complete takeover, value the business at significantly more than the consortium bid.

It is also understood that one of the equity investors lined up by Warburg is unwilling to participate if the bid is regarded by Brent Walker as hostile.

Brent Walker also announced that it had sold the Golden Horseshoe Casino in London for £6.1m, of which £5.9m was paid into Brent Walker's bank yesterday afternoon after the change of ownership was approved by magistrates in the morning.

The buyer was City Clubs, a private casino operator. Sir Keith Bright, chairman, is understood to be considering all possibilities for William Hill, which is ring-fenced from Brent Walker and has its own syndicate of banks owed a total of £350m.

That loan has to be refinanced by March 1 1994.

The options range from persuading the existing lenders to continue with the debt to a flotation.

Some analysts estimate that a full flotation of William Hill could raise £500m. However, they acknowledge that there would have to be a discount on that if Brent Walker retained a large stake.

One analyst said a flotation would be a "non-starter" if Brent Walker kept more than 50 per cent.

Brent Walker is keen to retain an investment in William Hill so that any rise in its value benefits Brent Walker's creditors.

Sir Keith is expected to tell shareholders at next week's annual meeting that trading results from William Hill have improved, despite the Grand National fiasco, with evening opening bringing a significant increase in turnover.



Animal rights supporters mount a demonstration outside the Queen Elizabeth II Conference Centre, in an attempt to disrupt the Boots annual meeting yesterday

Campaigners put the boot in

ANIMAL rights campaigners caused uproar at Boots' annual general meeting in London yesterday.

They were complaining about the use of animals in testing the Manoplax heart drug - withdrawn from circulation on Monday - and other products.

Sir Christopher Benson, chairman, struggled to control the meeting as several shareholders who were animal rights supporters demanded to know how much the company had spent on testing Manoplax on animals, and how many had been involved.

One protester demanded that Boots withdraw from the pharmaceutical business in view of the suffering it caused to animals. Another demanded an apology to the families of patients who had died prematurely as a result of taking Manoplax.

Security guards had to be summoned at one point to keep order.

Sir James Blyth, chief executive, said that about 90 per cent of the £100m development cost of Manoplax had been spent on testing on humans, with only a "tiny proportion" spent on animal testing.

Caverdale back in the black with £663,000

CAVERDALE Group, the motor retailing and industrial consumables group, returned to profit in the first half of 1993 with all its companies making a strong contribution.

Including a contribution from acquisitions of £7.86m, group turnover increased to £21.6m against £4.77m, and operating profit came out at £203,000, including acquisitions of £210,000, compared with a loss of £170,000.

At the pre-tax level the profit was £263,000, compared with a loss of £272,000 for the comparable period and a loss of £550,000 for the whole of 1992.

Mr Arild Nerdrum, chairman, said Dunham & Haines,

acquired in September 1992, achieved a rapid recovery and was making a significant contribution to group profit.

There was a strong first-time contribution from Motobalder, a Citroën dealer, and improved profitability in industrial consumables.

Mr Nerdrum said that the company would soon technically be in a position to resume dividends.

"In view of the results achieved and given the current indications of good trading prospects in August for our motor dealerships, I have every confidence that an early return to the dividend list is realistic."

TeleWest raises £190m to expand its networks

By Raymond Snoddy

TELEWEST, the UK's largest cable television operator with 3m homes under franchise, has raised a £190m loan facility to build its networks.

The deal is believed to be the largest individual loan raised for the UK cable industry and is a clear indication of the renewed interest in the UK industry by the financial community.

TeleWest - a joint venture between TCI of Denver, the world's largest cable operator, and US West, the American telephone company - will use the money to press ahead building cable networks in south London and in the Bristol and Bath area.

The company already provides a cable television service to nearly 160,000 customers and has 101,900 telephone lines in service.

Mr Ed Mattox, of TeleWest, said yesterday that cable was now very much a combined television and telephone opera-

tion. "The financial institutions are very interested in the business [in the UK] and are as positive about its future as we are," he added.

The Toronto-Dominion Bank was the lead arranger of the eight and a half year loan, which is fully underwritten. The co-arrangers were the Bank of Boston, the Bank of Nova Scotia, Barclays, CIBC and SBC.

Another large financing - £160m for the Jones Cable Group - is believed to be near completion, put together by County NatWest. Mr Richard Woolman, managing director of the Cable Television Association, the industry trade body, said yesterday: "I think people are starting to wake up to what is going on in the cable industry."

By the beginning of June there were 465,000 cable subscribers and 2.5m homes were passed by cable networks giving a penetration rate, or ratio of subscribers to those who could subscribe, of 21 per cent.

IDV joint venture in Barbados

By Philip Rawstone

International Distillers & Vintners, Grand Metropolitan's drinks division, is forging a joint venture with Hanschell Innes, a Barbados-based wines and spirits distributor.

The partnership will distribute brands of both companies in eastern Caribbean markets.

IDV will also acquire a 50 per cent interest in the Cockspur rum, trademark from Hanschell Innes and, in co-operation with the company, manage the international development of the brand.

Mr Howard Smith, president of IDV Africa and Latin America, said yesterday: "The new partnership will greatly increase the focus on IDV's brands and accelerate the pace of their development."

First Technology keeps up recovery momentum

By Andrew Bolger

FIRST TECHNOLOGY, which supplies crash dummies and safety sensors to the car industry, continued its rehabilitation by reporting a sharp increase in profits and returning to the dividend list.

Mr Fred Westlake, executive chairman, said he would have liked to have paid more than the "stingy" 1p dividend announced, but had been constrained by the terms of the capital reorganisation which was approved in February.

Pre-tax profits rose to £2.34m in the year to April 30, compared with £633,000. However, under FR3 31, last year's figure becomes a loss of £885,000 because of the inclusion of an extraordinary charge of £1.32m on the closure and disposal of businesses.

Group sales fell from £27.8m to £25.5m, although turnover from continuing businesses increased by 22 per cent. Net borrowings fell from £6m to £3.2m and gearing now stands at 51 per cent.

Having got out of vehicle

First Technology



Source: FT Graphix

Earnings per share were

10.75p, compared with 2.4p or a restated loss of 5.88p.

COMMENT

The figures were slightly ahead of expectations and should not impede the steady recovery in the group's shares, which yesterday closed unchanged at 232p. The collapse in the share price from 500p in 1990 to 20p a mere 18 months later, has left a lot of scars, but the slimmed-down group now seems both determined and obliged to proceed cautiously. It has strong market positions, even if increasing legislation does heighten the competitive threat from other sensor suppliers. Gearing should reduce further, although the sharp fall last year mainly reflected tax benefits. Forecast profits of about £2.7m put the shares on a prospective multiple of 14, a slight discount to the market. That does not seem expensive, given the group's confidence about orders, particularly from Japan and other parts of the Far East, such as Korea.

design, Mr Westlake said he was happy to focus on dummies and car sensors, which had strong growth prospects over the next couple of years. The automotive electronics division, which supplies sensors, increased sales by 32 per cent in spite of difficult trading conditions in the group's principal North American and European markets.

During the year it won contracts to supply fuel cut-off sensors to Fiat and Honda.

Net revenue for the three months to end-June was £249,071 (£269,288) for earnings of 3.1p (3.4p) per income share.

The first interim dividend is maintained at 2.25p.

Geared Income

At June 30 net asset value per share of Geared Income Investment Trust stood at 86.1p, a 3 per cent increase on the 79.48p at which it stood a year earlier.

Net revenue for the three months to end-June amounted to £358,722 (£386,367). Earnings per share came out at 1.63p (1.48p) and the first interim dividend is again 1.5p.

Turnover of the USM-quoted company rose from £1.65m to £1.99m. Earnings increased to 5.39p (4.23p) and the interim dividend is 2p (same).

The shares advanced 4p to 132p.

Contracyclical

Contracyclical Investment Trust reported net assets of 47.8p per capital share as at June 30, up from 35.5p a year earlier.

Figures per income share were 4.9p (3.7p) and per zero dividend preference share

£1.57m, against £1.28m for the previous 13-month period. Earnings per share came out at 13.61p (14.33p).

Fleming Enterprise

At the June 30 1993 year end the net asset value per share of Fleming Enterprise Investment Trust stood at 199.96p, against 170.7p six months earlier and 163.2p a year ago.

Net revenue was £1.99m (£1.78m) for earnings per share of 4.99p (4.46p). The final dividend is 3.4p for a total of 4.7p (4.5p).

Rights & Issues

The split-capital Rights & Issues Investment Trust had net asset values of 452.2p per capital share and 122.7p per income share at June 30.

The figures compared with respective values of 386.8p and 108.7p a year earlier.

Net revenue for the six months to end-June was £136,535 (£132,107). The interim dividend goes up to 2.4p (2.2p).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Current dividend	Total for year	Total for year
Bullough	1.75	Sept 15	1.75	-	6.05
Contra-Cyclical	2.25p	Aug 31	2.25	-	12.75
First Tech	1	Oct 8	1	1	1
Fleming Enterprise	3.4	Oct 7	3.2	4.7	4.5
Geared Income	1.54	Aug 27	1.5	-	7.875
H&S Smith	2.1	Sept 24	1.9688	-	5.625
Holders Tech 5	2	Sept 13	2	-	5
Rights & Issues	2.4	Sept 30	2.3	-	8.3
Thornton Test	0.9	Aug 30	0.9	-	2.3
Threlkeld	3.85	Oct 1	3.4	5.45	5.2
Wigan Inv	2.7	Sept 10	2.7	-	5
YFM	1	Oct 1	2.25	0.5	4

Dividends shown pence per share net except where otherwise stated. \$USM stock.

*Equivalent after allowing for scrip issue. *First interim.

CREDIT COMMERCIAL DE FRANCE

FRF 500,000,000
REVERSE FLOATER
BONDS DUE 1997

Pursuant to the Terms and Conditions of the Bonds, notice is hereby given to the Bondholders that FRF 50,000,000 have been purchased.

Nominal outstanding: FRF 200,000,000

THE PRINCIPAL PAYING AGENT SOGENAL SOCIETE GENERALE PARIS GROUP 15, Avenue Emile Reuter LUXEMBOURG

CREDIT LYONNAIS CANADA

USD 18 000 000.
Subordinated FRN
Guaranteed Debentures due 2001

Debt-holders are hereby informed that the rate applicable for the sixth interest period has been fixed at 3.72813 %.

The coupon N° 6 will be payable at the price of USD 1.926, on January 24th 1993, representing 186 days of interest, covering the period as from July 22nd 1992 to January 23rd 1993 inclusive.

The Reference Agent and Principal Paying Agent CREDIT LYONNAIS

Schlumberger

SCHLUMBERGER
SECOND QUARTER 1993 EARNINGS

New York, New York, April 21 - Schlumberger Limited reported today that improved activity in the oilfield helped to push net income to \$163 million and earnings per share to \$0.67, 22% ahead of the first quarter of 1993, although 9% below the same quarter one year ago. Operating revenue increased to \$1.72 billion, an increase of 8% over the first quarter, and up 11% over last year due chiefly to the acquisition of 50% of Dowell Schlumberger in January 1993. For the first six months, operating revenue was up 7% over the same period last year while net income was down 12% excluding an extraordinary item relating to adoption of the new accounting standard for postretirement benefits.

The situation in North America was particularly encouraging as a 13% increase in drilling rig activity, spurred by firmer prices for natural gas, produced a 33% increase in Schlumberger Oilfield Services revenue on a basis comparable with last year. Outside North America, the weakness in drilling activity that started in early 1992, bottomed in the first quarter of this year; moreover, the gradual improvement in oilfield activity shown in the second quarter is expected to continue although the outlook for the North Sea and West Africa remains soft.

Revenue at Measurement & Systems was even with one year ago despite a stronger dollar and recession in some important markets in Europe. Automatic Test Equipment again turned in a strong performance.

According to Chairman Euan Baird, "We think that economic activity and, therefore, energy demand worldwide will continue to pick up as we go into next year. At the same time, the important steps taken over the last few years to make Schlumberger the low cost innovator are taking hold and will result in significant improvements in our competitiveness and margins."

CAVERDALE GROUP PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 1993

CHAIRMAN'S STATEMENT

It is with great pleasure that I announce the results for the first six months of 1993. As I indicated in my statement to the Annual Accounts, the Group is now trading very profitably. With interest in the period totalling £21,600,000 compared with £4,770,000 at the interim stage last year, pre-tax profits amounted to £663,000 as against a loss of £272,000 in the corresponding period. This is a very significant improvement in the knowledge that all group companies have made a strong contribution.

In our motor retailing division the turnaround of Dunham & Haines, acquired in September 1992, has been rapidly achieved and this company is now contributing significantly to Group profits and has excellent prospects. The Renault franchise in Scotland, which was acquired on 1 May 1993, is now trading as Dunham & Haines (Scotland) and we are expecting a positive contribution from this dealer by the second half. In Northampton, Motobalder which was acquired on 1 January 1993 continues to prosper as one of the country's leading Citroën dealers. In addition to exceeding budgeted profitability, it also achieved the distinction of becoming the first Citroën dealership in the United Kingdom to obtain BS 5750 registered status.

Our industrial consumables division, comprising Newcastle-based Vastock and Allied Components (UK), continues to improve in profitability benefiting both from cost reductions and from the tighter management controls which have been introduced.

I was pleased to announce in May the appointment of Rodney Smith as Group Finance Director. I now feel that we have the management team required to achieve our aims in both of the Group's core businesses. Whilst acquisitions will remain central to our development for the foreseeable future, we will continue our efforts to exploit the many opportunities for organic growth.

The Application to the Court for various changes to our capital and reserve structure, which was approved at the Annual General Meeting, has been successful. Consequently, we will soon technically be in a position to resume dividend payments. In view of the results achieved during the first six months of this year and given the current indications of good trading prospects in August for our motor dealerships, I have every confidence that an early return to the dividend list is realistic.

Turnover

Operating profit/(loss)

Profit/(loss) on ordinary activities before taxation

Profit/(loss) attributable to shareholders

Earnings/(Loss) per share (Note 1)

Notes
1. Earnings per share are based upon the weighted average of 134,075,892 shares in issue (six months ended 30.6.92 - 84,024,128)
2. The results for the six months ended 30.6.93 and 30.6.92 are unaudited.

HENDERSON UNIT TRUST MANAGEMENT LIMITED

(Member of IMRO and Lantus)

Announce with effect from 22nd July 1993, HENDERSON AUSTRALIAN TRUST has been merged following an approved Scheme of Amalgamation into HENDERSON ASIAN ENTERPRISE TRUST.

Holders of Henderson Australian Trust units will receive 1.117452 units in Henderson Asian Enterprise Trust for every unit held.

071 410 4104

Defence document says bid substantially undervalues company

Watts Blake shuns Sibelco offer

By Andrew Taylor, Construction Correspondent

WATTS BLAKE Bearn, the world's highest supplier of ball clay to the ceramics industry, yesterday published its defence document recommending shareholders to reject the £57m bid for the company from Sibelco.

The company said that the offer price of 420p a share substantially undervalued the group, which was expected to increase pre-tax profits by almost a fifth this year to not less than £3.6m (£7.25m).

The total dividend was forecast to rise in 1993 by 12 per cent to 12p.

Sibelco, a Belgian producer of silica sand for the glass industry, effectively controls 45.3 per cent of the company's shares having agreed to acquire the combined stakes of Ceramics Holdings, controlled

by the Lebanese Cargour family, and Quarzwerke, a privately-owned German silica sand producer.

Sibelco previously was a member of a concert party with Ceramics Holdings and Quarzwerke. This arrangement ended earlier this year when the Cargour family decided to sell its Watts Blake shares.

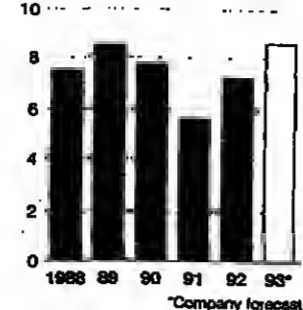
Mr John Pike, managing director of Watts Blake, said yesterday that M&G Investment, its next largest shareholder with about a 7 per cent stake, had decided that it would not accept the Sibelco offer.

"We believe other independent shareholders will follow M&G's lead," said Mr Pike.

Sibelco has said that it was a Stock Exchange requirement that it must make a full offer for the company, following the purchase of the Ceramics and Quarzwerke stakes, that had

Watts Blake Bearn

Pre-tax profits (£m)



prompted the bid rather than a desire to take over Watts Blake.

The Devon-based company which has been digging hall clay out of the Bovey Basin near Newton Abbot since 1710, said that the offer price of 420p put the group on a prospective

exit p/e of 15.8 times, on forecast earnings of 26.5p for 1993.

This was considerably less than the sector averages for other companies supplying industrial and building materials. It also allowed no premium for a business which controlled 60 per cent of ball clay production in the UK, 25 per cent in Germany and between 25 and 30 per cent in the US.

The company supplied 40 per cent of ball clay used by European sanitaryware manufacturers and a third of the US sanitaryware market and was the substantial supplier of ball clay to the Far East market. It also claimed to supply a quarter of the European and US floor tile markets.

Mr Pike said that the company had increased profits in eight of the past 10 years and raised dividend payments every year except one, when they were maintained.

Accounting changes flatter Hill & Smith

By Catherine Milton

PRE-TAX profits at Hill & Smith Holdings, the steel stockholding, forging and fabricated products group, improved from £1.24m to £1.48m in the six months to end-March in spite of a small drop in sales.

The company's compliance with FRS 3 flattered profits by depressing the comparative figure with a one-off exceptional charge of £212,000 for losses on the May 1992 disposal of a stockholding subsidiary.

Loss-making Tipton Steel Stockholders (Stoke) was sold to Richardson Westgarth and in March 1992 Hill & Smith bought Duct & Access Covers, a manhole maker, which supplies the communications industry.

The transactions caused a net drop in turnover of about £500,000 and sales dipped to £31.5m (£31.8m). Mr Michael Sara, group managing director, said: "We sold a loss-making company and bought one that makes profits. That's why our profits have gone up."

He added: "The market for manhole covers is good in parts. Sales to BT have been flat, to cable TV, fairly good and to construction, poor." A slightly firmer property market meant demand for building products, such as steel lintels, was improving.

The company had experienced a "very poor start" to its financial year. "The economy was dislocated in October and November, though from that period things improved gradually until March. From March things have been a little unsteady, but have levelled off to a point higher than in the autumn."

The interim dividend is 2.1p, which taking into account the 1-for-15 scrip issue in March, represents a 6.6 per cent increase. Earnings per share improved to 3.34p (2.79p).

MCC administrators sell Molecular Design for \$90m

By Raymond Snoddy

PRICE Waterhouse, administrators of Maxwell Communication Corporation, has sold Molecular Design, a California-based software company, for \$90m (£60m).

The deal is the first sizeable disposal of the US businesses owned by MCC.

MDL, which provides specialist software and support for the chemical and pharmaceutical industries, was sold through a public offering and flotation.

Mr Alan Jamieson, the Price Waterhouse administrator, said there were bids for MDL but because of the intangibles involved - intellectual property and goodwill - the flotation raised more money.

All the MCC businesses in the US are in the process of being sold. Four companies are in the final round of detailed due diligence and bidding for Macmillan, the US publishing business which includes a 50 per cent interest in the Macmillan/McGraw-Hill School Publishing

Company joint venture. Reed Elsevier is still favourable to buy Official Airlines Guide. The Anglo-Dutch group has a non-binding, non-exclusive letter of intent. No other higher offer has so far been received and Reed has obtained US anti-trust clearance to acquire the business. The Collier Encyclopedia publishing business is also being sold separately.

At the beginning of the disposal programme it was thought between \$680m and \$1.1bn would be raised.

Bullough sharply lower after further restructuring costs

By Paul Taylor

BULLOUGH, the office products and refrigeration group, reported sharply lower interim pre-tax profits after taking a \$4.67m charge to cover further restructuring in its French office furniture, Belgian industrial heating and UK raised flooring businesses.

The restructuring costs, coupled with higher net interest payments of £921,000 (£418,000), reduced the group almost to break-even in the six months to April 30 with pre-tax profits of just £50,000, compared to £5.89m last time.

Turnover edged up to £133.4m (£132.7m), but would have been slightly lower had it not been for currency influences.

Earnings per share fell to 0.02p (3.12p) but the interim dividend is maintained at 1.75p and the group said that "in the absence of unforeseen circumstances" it intends to maintain the final of 4.3p.

Operating profits, before the restructuring costs, fell to £5.64m (£6.31m) but Mr Robert Steel, managing director, said the year-on-year figures

masked a significant improvement in the office products business over the 1992 second half when the group took a restructuring charge of £3.32m.

Turnover in the core office products division slipped to £50m (£54.8m) but the division recorded a £38,000 operating profit compared to a £2.3m loss in the 1992 second half, helped by improved profits from the Project office furniture business in the UK.

Mr Steel said the latest restructuring charge, mostly to cover redundancy costs, had been made necessary by the unexpected severity of recession in the French office furniture equipment market and in Remor's industrial heater business based in Belgium.

More than half of the restructuring costs were attributable to Atal with the balance split between Remor and the Propafloor business in the UK.

Overall, the workforce was reduced by 400 to 4,600 during the first half, and is expected to contract further although Mr Derick Battle, chairman, emphasised that the group does not expect any further restructuring charges.

BICC drops Andover flotation plan

By Peter Pearce

Shares in BICC slipped 8p to 390p yesterday as the international cables and construction group announced that it had cancelled its plans to float some 60 per cent of Andover Controls, its US subsidiary, on Nasdaq.

Mr Tim Sharp, for BICC, said the flotation - which at an issue price of \$15 would have given Andover a market capitalisation of \$75m (£50m) - would have had to go ahead "in a very crowded and competitive environment for new issues" and that it was thought that institutions considered it "not as attractive as others on offer".

Mr Sharp said that BICC could have sent Andover back with a lower price tag, but was not keen to accept a price that was not "proper" for the business. BICC wanted to float or dispose of Andover as part of its reversion to its core, but Mr Sharp said it was the most successful of BICC's technology companies and it was "not a painful business to run".

Andover designs heating, ventilation, air conditioning and lighting systems for "smart" buildings.

YRM ends year £1.98m in the red

By Graham Deller

SHARES of YRM closed 3p lower at 37p yesterday, having touched 33p earlier in the day, after the building design consultancy recorded its first-ever annual loss and passed its final dividend.

When reporting an interim deficit of £498,000 in February, YRM said it should be profitable in the second half. In the event it incurred full year pre-tax losses of £1.98m, against previous profits of £1.38m, on turnover down to £14.1m (£18.6m).

Mr Brian Henderson, chairman, attri-

buted the losses for the 12 months to April 30 to sharply increased expenditure on building services engineering commissions and provisions against debtors and work in progress. The group also took provisions of £700,000 for future property costs and £75,000 following revaluation of a freehold property.

Moves to reduce operational costs continued with redundancies amounting to £358,000, against £603,000. Mr Henderson said the annualised saving was £1.6m.

Although there were signs that the improvement in the UK economy was

stimulating new building investment initiatives - a number of new commissions had been awarded throughout the group - Mr Henderson said that trading conditions remained extremely difficult.

After a tax credit, losses per share emerged at 12.58p (earnings of 5.78p). The omitted final dividend leaves a 0.5p payment for the year; the previous year saw a total distribution of 4p.

The accounts were prepared on a going concern basis, dependent on an anticipated agreement for continuing facilities with the group's bankers.

Managers buy remaining Survival shops

THE SIX remaining shops of the collapsed Survival Group have been sold to their managers in individual deals, joint administrators Buchler Phillips Traynor said yesterday, writes Chris Tighe.

The six buy-outs, which will trade as separate entities, have bought stock, fixtures and fittings and negotiations are in

progress on their use of the logo and trade names of the Survival Group.

The company, which was chaired by Mr John Ashcroft, former Coloroll group chairman, went into administration in March with liabilities of £1.7m. Buchler Phillips Traynor said that preferential creditors

might receive a small dividend; unsecured creditors, who are owed £1.5m, will receive nothing.

Joint administrator Mr Ron Robinson said: "The sale of outlets to their respective managers was the best, if unusual, solution for Survival's creditors and former employees." Mr Ashcroft and two part-

ners bought a 72 per cent stake in Survival Aids, subsequently renamed Survival Group, in 1990. It was his first acquisition following Coloroll's collapse with debts of approximately £350m.

In March Mr Ashcroft said he held a minority interest in Survival Group, but was its largest creditor.

NEWS DIGEST

Bass plans £35m pub expansion

BASS, the UK's leading brewer, is to spend £35m in 1993-94 on building and acquiring new pubs, writes Philip Rawstorne.

The company has set up a special team of surveyors, based in London, Leeds and Birmingham, and has begun a nationwide search for suitable sites.

Mr Bob Holtham, director of acquisitions for Bass Taverns, said: "We are already well on the way towards our target of 35 new pubs this year and we aim to open one a week during 1994."

Grahams Rintoul net assets ahead

Grahams Rintoul Investment Trust, which invests mainly in

smaller companies and is ultimately controlled by American Express Bank, had a net asset value per share of 157p at June 30.

That compared with 113.9p at the December year end and with 133.4p a year ago. Net revenue for the half year was £586,000 (£427,000) and earnings per share came out at 0.25p (0.96p losses).

Witan Investment assets improve

Net asset value per share of Witan Investment Company rose from 181.5p to 227.9p over the 12 months to June 30. At the December 1992 year-end the figure stood at 212.8p.

The 25 per cent improvement in asset value reflected the merger between Henderson Administration, in which Witan has a large holding, and Touche Remnant.

Available revenue for the half year to June 30 amounted to £9.29m (£8.71m), for earnings of 2.58p (2.54p).

The interim dividend is again 2.7p.

Sales fall pushes Elbief deeper in red

Elbief, the manufacturer of photograph and handbag frames, mirrors, clocks and accessories for leather goods, saw its pre-tax losses widen to £582,000 over the 12 months to April 30.

The increase from the previous deficit of £451,000 came on turnover down 16 per cent at £3.74m.

Eliza Tinsley jumps 40%

Eliza Tinsley, USM-quoted maker of hardware products, returned pre-tax profits of £713,000 for the year ended March 31 1993, a 40 per cent increase on last time's £510,000. The improvement maintained the progress shown at the half-way stage.

Turnover declined from

£15.7m to £15.1m. At the operating level profits were lower at £287,000 (£917,000), squeezed by pressure on margins, which was not offset by overheads reduced by £250,000, and improved control systems.

The 1991-92 operating profit was before reorganisation costs of £249,000. The results were drawn up in accordance with FRS 3 accounting standards.

The dividend is increased from 5.2p to 5.45p, with a final of 3.65p, paid from earnings of 6.62p (4.72p).

The shares closed 10p lower at 97p.

British Syphon shares surge

British Syphon Industries, the industrial group, said yesterday that it was to distribute a large part of its £33m cash reserves in a special dividend amounting to 62.35p per share.

The shares responded via a 55p rise to 180p.

For the past two years the group's strategy had been to

make a substantial acquisition, a strategy that required the full support of Britannia, the main shareholder.

However, in view of the difficulty in "identifying" an appropriate acquisition the board had decided to distribute a "large" part of the cash in the form of a special dividend.

Prime People deficit rises

Losses at Prime People, the Manchester-based specialist training group, widened from £124,000 to £249,000 pre-tax for the half year ended April 30.

Last month the USM-traded group disposed of Bowford Engineering Services for £1.06m just seven months after reversing into the company in a £2.8m deal.

The results for the six months included trading losses of £179,000 for Bowford. First-half turnover totalled £1.63m (£380,000) and losses per share emerged at 0.3p (0.6p).

PUBLIC ANNOUNCEMENT

TO THE HOLDERS OF

GLENFED, INC.

7.75% Convertible Subordinated Debentures Due 2001

An informational meeting has been scheduled for the Holders of GLENFED, Inc., 7.75% Convertible Subordinated Debentures due 2001 to discuss the terms of the exchange offer for the debentures that was made by GLENFED's wholly-owned subsidiary, Glendale Federal Bank, on July 8, 1993. The meeting will be held on Monday, July 26, 1993. Representatives of GLENFED, Glendale Federal Bank, and The First Boston Corporation, which is acting as Dealer Manager for the exchange offer, will be present at the meeting to answer questions of debenture holders. Holders of the GLENFED debentures are strongly encouraged to attend the meeting at the address listed below:

Howard Hotel
Temple Place
Fitzalan Suite
London
WC2R 2PR
2:30 PM

Holders of the GLENFED debentures who would like information prior to the meeting are asked to call:

The First Boston Corporation
New York, New York
c/o Mr. Joseph Carrabino
0101 212 909-3742 (Call Collect)

Holders of the GLENFED debentures who are unable to attend the meeting scheduled for Monday, July 26th, 1993, at 2:30 PM can be conferenced in by calling the following numbers:

Within the United Kingdom 081-401-1066
Outside the United Kingdom 44-81-401-1066

3i GROUP PLC
£75,000,000
FLOATING RATE NOTES 1994

FOR THE THREE MONTH PERIOD
21ST JULY, 1993 TO 21ST OCTOBER, 1993

In accordance with the provisions of the Notes, interest is hereby given that the rate of interest has been fixed at 6 1/4% per annum and that the interest payable on the relevant interest payment date, 21st October, 1993 against Coupon No. 36 will be £779.79 From Notes of £50,000 nominal and £77.98 From Notes of £5,000 nominal.

S.G. WARBURG & CO. LTD.
(Agent Bank)

The Korea Development Bank
(Established in the Republic of Korea under the Korea Development Bank Act 1953 as amended)

U.S. \$200,000,000
Floating Rate Notes due 1997

For the six month period 22nd July, 1993 to 24th January, 1994 the Notes will carry an interest rate of 3 3/4% per annum with a coupon amount of U.S. \$1,840.63 per U.S. \$100,000 Note, payable on 24th January, 1994.

Listed on the Luxembourg Stock Exchange

Bankers Trust Company, Hong Kong Agent Bank

Prices for debentures determined by the payment of the debenture price and interest on the debenture price.

Yield	Price	Yield	Price
0000	100.00	0000	100.00
0001	100.01	0001	100.01
0002	100.02	0002	100.02
0003	100.03	0003	100.03
0004	100.04	0004	100.04
0005	100.05	0005	100.05
0006	100.06	0006	100.06
0007	100.07	0007	100.07
0008	100.08	0008	100.08
0009	100.09	0009	100.09
0010	100.10	0010	100.10
0011	100.11	0011	100.11
0012	100.12	0012	100.12
0013	100.13	0013	100.13
0014	100.14	0014	100.14
0015	100.15	0015	100.15
0016	100.16	0016	100.16
0017	100.17	0017	100.17
0018	100.18	0018	100.18
0019	100.19	0019	100.19
0020	100.20	0020	100.20
0021	100.21	0021	100.21
0022	100.22	0022	100.22
0023	100.23	0023	100.23
0024	100.24	0024	100.24
0025	100.25	0025	100.25
0026	100.26	0026	100.26
0027	100.27	0027	100.27
0028	100.28	0028	100.28
0029	100.29	0029	100.29
0030	100.30	0030	100.30
0031	100.31	0031	100.31
0032	100.32	0032	100.32
0033	100.33	0033	100.33
0034	100.34	0034	100.34
0035	100.35	0035	100.35
0036	100.36	0036	100.36
0037	100.37	0037	100.37
0038	100.38	0038	100.38
0039	100.39	0039	100.39
0040	100.40	0040	100.40
0041	100.41	0041	100.41
0042	100.42	0042	100.42
0043	100.43	0043	100.43
0044	100.44	0044	100.44
0045	100.45	0045	100.45
0046	100.46	0046	100.46
0047	100.47	0047	100.47
0048	100.48	0048	100.48
0049	100.49	0049	100.49
0050	100.50	0050	100.50

Notice to the holders of the outstanding ECU 45,493,052 9 percent Bonds due 2020 (the "Bonds") of Euramagro N.V.

Formal notice is hereby given to the holders of the Bonds pursuant to their Terms and Conditions that a meeting will be held on August 25, 1993 at 14:00 hrs, in Curaçao, Netherlands Antilles at the offices of the Company at 58A de Ruyterkade, Curaçao, Netherlands Antilles.

An exchange of the Bonds into other long term bonds of similar nature will be proposed at the meeting.

In order to take part in the meeting, either personally or by proxy, the holders of Bonds are required to deposit their bonds at least 10 business days prior to the meeting at the registered office of Euramagro N.V., at the offices of the Paying Agent or at any recognized bank.

Euramagro N.V.
de Ruyterkade 58A
Curaçao, Netherlands Antilles
Curaçao, July 1993

BRITANNIA BUILDING SOCIETY

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In accordance with the terms and conditions of the Notes, interest is hereby given that for the three month interest period from (and including) 22nd July 1993 to (but excluding) 22nd October 1993 the Notes will carry a rate of interest of 6.675% per cent. per annum. The relevant interest payment date will be 22nd October 1993. The coupon amount for £1,000,000.00 Note will be £16,682.43 payable against surrender of Coupon No. 15.

Hambros Bank Limited
Agent Bank

NIIPPON MEAT PACKERS, INC. (CDRS)

The undersigned announces that the Annual Report for the year ended March 31, 1993 of Nippon Meat Packers, Inc. will be available in Luxembourg at:

Kreditbank S.A., Luxembourggasse, Luxembourg
and further in Amsterdam at:
ABN AMRO Bank N.V.,
Meentewe N.V.,
Kas-Associatie N.V.,
Amsterdam, July 20, 1993

AMSTERDAM DEPOSITORY COMPANY N.V.

RECRUITMENT

JOBS: Backroom research by Japanese economist casts light on real problems of employment

SO soon after Japan's royal wedding, it's perhaps unseemly to liken Tsunonori Hara to the boy who proclaimed that the emperor was wearing no clothes. There is nevertheless a strong case for doing so, the reasons being twofold.

The first is that Tokyo, where Mr Hara works as an economist at the Sumitomo-Life Research Institute, was also the site of the announcement of the forthcoming international conference on how to create jobs in industrialised countries. The other is that, on past performance, the political emblems doing the conferring will overlook the point the Tokyo economist has apparently made.

I say "apparently" because the only information to hand on his feat is a two-sentence snippet based on a news agency report which can no longer be traced. It says Mr Hara has proclaimed that Japan's real unemployment rate, far from being the 2.5 per cent officially recorded, is 6 per cent.

He has arrived at the higher figure by taking account, not just of citizens who are unwillingly jobless, but also of what he terms "in-house unemployment" - the numerous people who, although occupying paid positions, have little if any actual work to do.

The Doubleday family's damaging effect

Having no more data, we alas can't check his way of estimating how many such people there are. All I can say is that if they really amount to only 3.5 per cent of those available for employment, Japan has cause to be proud.

But our lack of knowledge of his methods does not detract from the importance of the point he has made: that employment, as gauged by numbers in jobs, is not the same as *productive* work. Nor is the distinction any less important for the fact that it could hamper the international political leaders soon to confer.

For, if they just ignored the difference as usual, their task in creating jobs would be a doddle. Indeed they might well go far towards it simply by acting in precisely the reverse way to the government of Singapore which, fearing an over-supply of lawyers, is taking steps to cull them.

In explaining the policy, the minister responsible talked forbodingly of a time soon coming when there would not be enough work for the country's lawyers to do. With all due respect, however,

the odds are that Judgment Day will be over and done with before the time he spoke of arrives.

The reason is that lawyers fall into the category of employees who not only create work for one another, but also undo the work that the others have done. Hence the more of them there are, the busier they will become.

The only trouble of course is that, far from being productive, the net effect could conceivably be harmful - as witness a hypothetical couple the Jobs column has nightmares about, called Michael and Margaret Doubleday.

Since he is a senior inspector of taxes and one a tax-avoidance accountant, they have more self-cancelling work to do than time to require them to work well apart, they rarely meet. But they did get together for long enough 16 years ago to have a son nicknamed Buster who, agonised by his parents' remoteness, expresses his disaffection by vandalising public property. Hey presto: a family producing net harm.

By Michael Dixon

In fact, the only point of their existence is to show that society would have been better off if either Michael or Margaret - and it doesn't matter which one - had given up employment to ensure that Buster received the love as well as the discipline essential to a civilised upbringing.

Accordingly I present the Doubledays along with Mr Hara's calculation to the politicians hooked in for the conference. Perhaps the gift will remind them that the best way ahead may lie not in creating more employment of the purely self-nourishing sort, but in engineering a reduced demand for it by social-security and legal measures to encourage a strengthening instead of further fragmenting of family life.

NOW to the table alongside, showing developments in the United Kingdom's executive employment market as gauged by the MSL consultancy's quarterly counts of jobs for managers and

senior specialists advertised in UK national journals. The upper part of the table focuses on the year to June 30, starting with the separate 12-month tallies for eight broad categories of work. Then comes the overall total, with the individual quarterly counts beneath.

As may be seen from the April-June tally at the bottom, while the plunge in advertised demand is not yet over, it is closer to being a than it has been for almost four years, being only 0.4 per cent down on April-June 1991-92. But before anyone breaks into wild rejoicing, it must

be noted that six of the work categories still show falls from the levels of 12 months before.

By that yardstick, the only two with increases are sales and marketing and computing, both of which have been on a rising path for nine months without transferring any of their upward energy to any other field. True, the accounting category shows signs of being about to join them - although whether that's good or bad news is another question.

UNITED KINGDOM ADVERTISED DEMAND FOR MANAGERS AND KEY SPECIALIST STAFF

Type of work	1992-93		1991-92		1990-91		1989-90		1988-89	
	Posts	Change	Posts	Change	Posts	Change	Posts	Change	Posts	Change
	advised	from 91-92	advised	from 90-91	advised	from 89-90	advised	from 88-89	advised	from 87-88
Research & devt/mkt	1,160	-17.1	1,400	-42.4	2,429	-33.9	3,673	-14.9	4,317	+14.8
Sales & marketing	2,863	+24.5	2,815	-5.0	2,438	-21.4	3,101	-34.1	4,708	-26.5
Production	2,006	-12.3	2,287	-37.2	3,844	-37.0	5,781	-11.6	6,537	-8.4
Accounting	2,580	-18.5	3,083	-17.8	3,782	-40.4	6,296	-14.7	7,377	-7.1
Computing	1,242	+32.7	936	-33.5	1,408	-49.8	2,806	-38.1	4,393	+2.8
General management	765	-20.5	982	-13.7	1,115	-14.6	1,305	-10.4	1,457	-16.5
Personnel	327	-22.7	423	-21.4	538	-41.8	925	-24.1	1,216	+14.5
Others	3,314	-14.9	3,892	-21.1	4,934	-25.7	8,638	-21.8	8,472	+22.8
Total	14,277	-6.7	15,296	-24.5	20,256	-33.6	30,523	-20.7	38,477	-2.2
July-Sept	3,379	-6.9	3,630	-40.8	6,131	-22.0	7,858	-15.8	9,338	+12.9
Oct-Dec	2,938	-18.1	3,587	-32.5	5,318	-19.8	6,827	-26.8	9,048	-2.2
Jan-March	3,965	-2.5	4,058	-11.2	4,572	-44.6	8,297	-23.1	10,915	-2.7
April-June	4,007	-0.4	4,023	-5.0	4,235	-44.6	7,641	-16.7	9,178	-13.4

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Alternatively if you would like to discuss this appointment in confidence, please telephone her on 071-939 6068 from Monday 26 July.

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Lindsay Clayton, Assistant Manager Personnel,
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Klesch & Company Limited

SENIOR TRADER AND A SENIOR SALES PERSON

As a consequence of the continuing growth in the distressed and illiquid financial markets, we are expanding our trading room capabilities. Opportunities have arisen for two positions:

- Senior Trader**
Candidates should have a minimum of 5 years experience in trading distressed or illiquid financial products.
- Senior Sales Person**
Candidates should have 10 years experience in selling financial instruments with at least 3 years selling complex, illiquid or distressed products.

The successful candidate will be working in a highly focused entrepreneurial environment with plenty of opportunity for personal growth. Substantial compensation is available to professionals with proven track records.

To apply, please write with full CV to: Trudi De-Lisser,
Klesch & Company Limited,
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Member of FIMBRA

FFr/Ecu Interest Rate Swaps Broker

This is an outstanding opportunity to play an important part in the expanding interest rate swaps team of a leading London Broker.

You will have a minimum of 2 years relevant experience and a successful track record in the French Franc and Ecu swap markets. Ideally, you will be fluent in French, have initiative and be self-motivated.

A highly competitive remuneration package will be offered to the right candidate.

For a confidential discussion please contact Nigel Haworth or Tim Sheffield. Telephone: 071-236 2400, Fax: 071-236 0316 or apply in writing to Sheffield-Haworth Limited, Prince Rupert House, 64 Queen Street, London EC4R 1AD.

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FIXED-INCOME CREDIT RESEARCH c£100,000 Guaranteed Package

We require an experienced analyst to provide market and price sensitive credit research to support the activities of a top corporate bond trading, sales and new issue syndication team. Covering a wide range of European credits you will provide timely and probing analysis to a highly successful trading operation which is one of the largest participants in the corporate bond market. The ideal candidate will be a trained analyst from a major financial institution. Experience of a dynamic trading floor is highly desirable but not essential.

Please send CVs to Ron Bradley, Executive Consultant.

Jonathan Wren & Co. Limited, Financial Recruitment Consultants
No. 1 New Street, London EC2M 4TP Telephone 071-623 1266 Facsimile 071-626 5259

JONATHAN WREN EXECUTIVE

Latin American Analyst/Sales

Stephen Rose and Partners Limited, a specialist Latin American brokerage house, is looking to add to its research capability in Brazilian and Argentinian equities. The company is the only London based group ranked for its research in these areas on the 1993 Institutional Investor Latin American Research Team.

Applicants should have experience in analysing companies in a stockbroking or fund management environment, with special emphasis on financial aspects. He or she will be fluent in Spanish or Portuguese and able to communicate well in English, both verbally and in writing. Ability to use computers is essential.

The successful applicant must also enjoy selling to institutional clients in the UK and Europe and be prepared to accept the flexibility required by working in a small entrepreneurial team. Willingness to travel in South America and to visit clients outside London is important. A competitive package of salary, fringe benefits and bonus potential will be offered to the successful candidate.

Applications in writing to Laurie Higgitt
Stephen Rose and Partners Limited
Boston House, 63 New Broad Street, London EC2M 1JJ

STRATEGIC PLANNING MANAGER Europe

In an ongoing effort to further expand its position in the international marketplace, Shure is seeking an individual to analyze the market opportunities, competitive positions, and channel structure for the Musical Instrument, Sound Contracting, and Broadcast/Production markets in Europe. Additionally, this individual will provide recommendations for changes in corporate strategies as they relate to Europe.

This position requires 3-5 years experience in marketing research, brand management, or strategic consulting (preferably with a multi-national firm). One must also be fluent in English and German, while a competency in French is highly desirable. An undergraduate degree in marketing, business administration, or engineering is a must, although an MBA is preferable.

Based in the United States, this position involves approximately 40% travel. Future advancement opportunities might include an international assignment.

Shure is recognized world-wide for its dedication to outstanding sound and reliability. We offer a competitive starting salary and fringe benefit package. Please send resume with compensation history to: Bob Lovell, SHURE BROTHERS, INC., 222 Hartrey Ave., Evanston, IL 60202-3696, USA. EOE

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Business Advisers Ukraine

As a result of a major expansion of our work in Ukraine, we are seeking business advisers to participate in the delivery of a small business development programme.

Candidates must have experience of business and management, in UK or countries of Eastern Europe and Commonwealth of Independent States. An ability to speak Russian would be an advantage.

The posts provide an excellent opportunity for dynamic and ambitious individuals to develop hands-on experience in one of the world's most interesting new environments.

Full-time residence in Ukraine will be required for one year.

A generous package of salary and overseas allowance will be available in addition to a furnished flat and four return flights a year.

Please write to the address below, with a full CV and letter describing how you might be able to contribute to our work.

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Enterprise House
127 Bute Street
Cardiff CF1 5LE

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INVESTMENT ANALYST

Major Pension Fund

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The successful candidate for the Blue Circle Investment Fund Analyst position will be responsible for the analysis and management of investments in excess of £750 million and are managed by a highly successful team based in Central London. The successful candidate will be required to provide a high level of analysis and support to the investment team. The position offers a competitive salary and a comprehensive benefits package.

ideally candidates will be graduates in their mid to late 20's with several years' investment experience in a substantial institution. In addition to being highly numerate, they should possess good communication skills. The position offers a competitive salary depending on experience and qualifications with commensurate benefits.

Applications with accompanying CV should be addressed to: Mr. A. Tricker, Group Personnel Manager, Blue Circle Industries PLC, 100 Ecclestone Square, London SW1V 1PX.

Blue Circle Industries PLC

JOSLIN ROWE

EUROBOND TRADER to £35,000
Due to the continued expansion of the Fixed Income area our Client seeks an experienced trader to make markets in DM and \$ denominated Eurobonds. The opportunity is particularly attractive given the growing profile of the Client and its commitment to continue investment in further expansion. Applicants should be aged 24-35, have a minimum of 1 year's relevant experience and be determined to sustain continued profits.

CAPITAL MARKETS ACCOUNTANT to £35,000
An ambitious Graduate Chartered Accountant with at least twelve months' PACE is currently sought by a premier City based Financial Institution. The Job holder will head a small team responsible for the smooth flow of management information in the Capital Markets division whilst ensuring that statutory requirements are met. A background in Capital Markets and, ideally, Derivatives is essential.

MARKETING MANAGER to £35,000
A dynamic Marketing Manager (aged early 30's) with experience of marketing to the top 200-400 UK Corporates is sought by a leading International Bank. Principal responsibilities will include managing loans and treasury lines, combined with Corporate Finance business, as well as performing the underlying credit analysis. An excellent opportunity to further develop your career.

PRODUCT DEVELOPMENT £30,000 + bonus
Leading Investment Management firm seeks a Product Development Manager with current Private Client Managing experience from a reputable institution. The role will comprise computer analysis to produce new ideas for Private Client services and products, in close cooperation with the Research team. The successful Candidate will possess a proven track record in New Business development.

See details of further vacancies on Reuters page L271

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100 Roper, Associates Ltd, 100 Roper House, 11 Roper Street, London EC2M 7AY

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International Prime Brokerage

Merrill Lynch is seeking a suitably experienced person to join its International Prime Brokerage marketing team. This rapidly expanding activity, in which we are a leading participant, provides specialised securities custody, clearing and financing to institutional investors which utilise leverage in pursuing international equity and derivative arbitrage and hedge trading strategies.

The position involves assisting the Business Unit Head with client relationship management and new business development whilst also being responsible for the credit review and administration process. This not only involves the review of both the credit quality of clients and counterparties but also the analysis of the risk associated with specific arbitrage trading strategies.

Whereas training will be provided for some of the more specialised aspects, the ideal candidate will be a graduate aged about 30 with a solid understanding of credit and several years practical experience in securities. The ability to communicate effectively with clients and senior management is crucial. Some knowledge of quantitative/statistical investment theory would be advantageous. This position offers an excellent opportunity to participate in a marketing team where the successful candidate will be rewarded with an attractive performance related compensation package.

If you are interested send your CV, in complete confidence, to Lynne M Holmes, Merrill Lynch International Bank Limited, 25 Ropemaker Street, Box 300/FT, London EC2Y 9LY.



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City

This is a rare opportunity to join one of the UK's premier financial groups at a senior level and in a newly formed and rapidly expanding area.

As part of a small, highly focused team, you will be responsible for identifying and developing investment opportunities utilising equity finance, complex project appraisal and corporate finance skills.

A graduate, ideally with an MBA or accountancy qualification, you should have at least 3 years' experience in venture capital, corporate finance or a closely related activity. You should combine a high degree of energy and initiative with good interpersonal and communication skills which will be required to deal with commercial clients and their professional advisers. Equally important will be your ability to establish good working relationships with managers within the bank.

As well as an attractive salary and benefits package, we can offer excellent scope for career development within a challenging and professional environment.

Please write with full CV to Jenny Ewington, Personnel Manager, The Royal Bank of Scotland plc, Regent's House, 42 Islington High Street, London N1 8XL. Closing date for applications 4th August.

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WHERE PEOPLE MATTER

UNIT TRUST SALES CITY AND WEST END

Thornton Unit Managers Limited is a unit trust management company established in 1986 and a subsidiary of Thornton & Co., a member of the Dresdner Bank Group. The majority of the unit trust funds under management are invested in South East Asia, and the marketing of these trusts is based in London.

We are seeking an experienced unit trust salesman to market our funds to private client stockbrokers and other authorised investment intermediaries in the City and West End. You should ideally be aged between 25 and 35, have at least five years experience in unit trust sales, preferably in South East England, have good interpersonal skills and be self-motivated.

In return, we are offering a competitive package including a company car, non-contributory pension and medical care.

To apply, please write in complete confidence enclosing a CV and details of current remuneration, to the Personnel Officer, Thornton Management Limited, Swan House, 33 Queen Street, London EC4R 1AX.



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Executive Search Consultant

Armstrong International is an Executive Search firm founded four years ago to serve the complex needs of the financial services industry. In that time we have been very successful. As a result of the further growth and expansion of our business we are seeking Senior Consultants to augment our expanding team. We are looking for the following:

- A sales orientated personality
- Aged between 28 - 35
- A high degree of motivation, drive & energy
- An ability to manage relationships at a senior level
- A background in Corporate Finance or Capital Markets
- At least two European Languages

Executive Search is an exciting industry with excellent growth prospects. This position offers individuals the opportunity to build a business and to be rewarded for doing so.

Reply to: Martin Armstrong
ARMSTRONG INTERNATIONAL



Winchester House, 77 London Wall, London EC2N 1UE
Telephone 071-628 7753

Head of Futures and Options Operations

c £60,000 + Banking Benefits

City

Our client is one of the world's foremost securities houses with a business approach characterised by innovation across a wide range of capital markets products. The derivatives operation in particular is acknowledged as a major force in the market and it is expansion in this area which necessitates the appointment of a senior Futures and Options Operations professional.

This key appointment is viewed as critical to the expansion of the Futures and Options area and will appeal to those applicants with experience of developing a commercially orientated settlements department. The successful candidate will have a proven track record in this area and the demonstrable ability to align to client and business needs. This opportunity will provide the challenge of developing a key operation in a rapidly expanding global business.

Key tasks will be:

- To establish effective controls and procedures for the recording and settlement of Futures and Options business.
- To assist divisional management in developing and managing a strategic plan for the integration of the derivatives business in Europe.
- To build a service-orientated settlements operation and strong relationships with brokers, clearing agents and clients.
- To manage the systems requirement of the operation.

The essential requirements for the successful candidate are as follows:

- A graduate with several years securities experience, with at least three at a senior level in a Futures and Options Operations role.
- A credible, energetic and proactive individual with first class communication and management skills.
- A marketing-orientated approach with an in-depth knowledge of international business and client needs.
- A track record of producing concrete deliverables, and of acting as an agent of change to provide an effective settlements infrastructure.

or write to her with a full curriculum vitae at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH, quoting ref: 158543. All applications will be treated in complete confidence.



Michael Page City

International Recruitment Consultants
London Paris Amsterdam Brussels Düsseldorf Sydney

PROPRIETARY TRADING Derivative Products

Our client is a UK bank with a reputation for creativity and innovation within its treasury and capital markets functions. The derivatives trading desk covers a range of off-balance sheet products, both OTC and exchange traded, and is now looking to intensify the activities of its proprietary capability while supporting emerging corporate flows. Successful candidates could emanate from the following roles:

EXCHANGE INTEREST RATE OPTION DEALER

At least 2 years' exchange-traded options experience with a good technical grounding. The successful candidate will provide an immediate trading contribution, using the major Euro interest options. There is the potential to become involved in a wider product range.

OTC INTEREST RATE OPTION DEALER

Minimum of 2 years OTC interest rate options dealing experience. Responsibilities will initially include the development of the US \$ Cap book, with a long term aim to cover all major currencies. The candidate will have a strong academic background and an excellent technical understanding.

US DOLLAR SWAP TRADER

At least one year's experience in trading US \$ interest rate swap instruments, and display an appetite for risk-orientated business. The US \$ swap book is the largest and most active within the bank's interest rate portfolio. A graduate with a science/mathematical degree is preferred.

Candidates, ideally in their mid 20's to early 30's, will be analytical traders with an affinity for the proprietary style. They will be given considerable latitude in the development of their trading duties, running strategic positions and being responsible for their own profit and loss. These positions offer a competitive basic salary, bonus and a range of banking benefits.

Interested candidates should contact Annabella Humphreys at BBM Associates Ltd (Consultants in Recruitment) on 071-248 3653 or write, sending a detailed CV, to the address below or use our confidential fax line on 071-248 2814. All applications will be treated in the strictest confidence.

76, Watling Street, London EC4M 9BJ



Tel: 071-248 3653 Fax: 071-248 2814

Director Global Investment Strategy

Our client, one of the UK's fastest growing asset management companies, has created a new senior appointment for a director of global investment strategy. The position has arisen as a result of a restructuring designed to regionalise the firm's international investment research and fund management activities. The job will entail the determination of global investment strategy based on in-house investment research conducted in several overseas locations.

Based in London, the person appointed will head up a small strategic unit and will lead the company's major strategic investment decision making process.

The position offers an exciting opportunity to play a pivotal part in the firm's continuing success and should appeal either to investment professionals who have already held

responsibility for global asset allocation or to those with substantial international equities experience aspiring to such a role. Excellent communication and presentation skills are a pre-requisite and it is felt that candidates in their late thirties and older are more likely to have gained the required breadth of experience and knowledge of the behaviour of international markets and economies.

The working environment is stimulating and meritocratic and the position offers an attractive salary and benefits package. If you would like to be considered for this appointment, please write in complete confidence to:

IMR Recruitment Consultants, No. 1 Northumberland Avenue, Trafalgar Square, London WC2N 5BW (tel: 071-872 5447).



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The focus is on:

- Developing quantitative models to aid in the decision making process for global fixed income and currency portfolios.
- Contributing actively to product development.

The key attributes are:

- An analytical mind with a good first and preferably a higher degree in a discipline demonstrating a high level of numeracy and computer skills.
- Experience in quantitative asset management of bonds and currencies or in an analytical discipline in a financial services environment.

The successful applicant will be:

- A lateral thinker and good communicator with a disciplined approach.
- An intellectually curious, strong team player with a sense of humour.

Reply in strictest confidence with a detailed C.V. to:

Caroline Quinn, AMP Asset Management Plc
55 Moorgate, London EC2R 6PA



CREDIT SUISSE FIRST BOSTON Equity Investment Analysts Asia Pacific

Established since 1982, CSFB Investment Management Ltd has gained a reputation as a market leader in its field, with emphasis on the management of global fixed income assets for institutional clients worldwide. As part of its continuing expansion, the Company is strengthening its Global Equity resource through the addition of two Investment Analysts focusing on the Asia Pacific region. These Analysts will work closely with the portfolio management team and will be expected to make an early contribution to investment decision making.

Investment Analyst—Japan

Supporting a small team, your role will be to research and prepare detailed analyses of companies and the stock market within Japan. This will involve the development of appropriate earnings models, the monitoring of fundamentals and price performance across industry sectors in the provision of Japanese data for the global asset allocation process. Japanese language skills are essential: extensive report analysis necessitates a good reading knowledge and the ability to communicate effectively in business situations is strongly preferred. Ref: 2/1487.

Investment Analyst—Asia Pacific (excluding Japan)

As part of the same team, the duties within this role are similar to those previously described. Candidates who possess a command of Mandarin would be highly preferred, but this is not essential. Due to the nature of these roles, individuals should be comfortable in both Western and Far Eastern business cultures and have a strong commitment to further their careers in a dynamic, hard working and meritocratic environment. Ref: 2/1488.

All applicants should offer a good first or post qualified degree in a relevant subject, or two years experience of working within this field. Effective oral and written communication skills are assumed, as is a systematic approach to investment analysis. An excellent salary and benefits package is offered and existing or future professional study will be encouraged and supported. Prospects of advancement within portfolio management or research are genuinely excellent.

Interested applicants please send a full CV, quoting appropriate reference number to: Anthony Cook, at Morgan & Banks Plc, Brettenham House, Lancaster Place, London WC2E 7EN or if you prefer, call on 071-240 1040. All direct responses will be forwarded to Morgan & Banks.

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A highly capitalized, extremely successful international trading firm specializing in computational trading and market-making, D. E. Shaw & Co. seeks an exceptional individual to research Japanese markets for its new operation. We offer a highly competitive package (plus bonus) for outstanding talent.

The ideal candidate will have at least three years experience in Japanese markets, including equity related products, and a desire to build his/her own department. First rate resources are available.

Send CV in strict confidence to:

Box B1599, Financial Times
One Southwark Bridge,
London SE1 9HL

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to lead a 3 person team responsible for managing Trading and Counterparty risk for Treasury activities.

The successful applicant will be FCA/ACA qualified, preferably top six trained, and with at least 2-3 years experience of Treasury Risk management with a Bank actively involved in MM/FX and Derivatives markets.

He/she must have a thorough knowledge of risk management techniques for all Treasury instruments, and a broad understanding of Treasury products. Computer literacy is essential, as is the requirement to have liaised closely with trading staff.

Candidates should write to the following address, enclosing a full curriculum vitae:-

Box B1061, Financial Times,
One Southwark Bridge, London SE1 9HL

Closing date for applications - 16th August 1993.

APPOINTMENTS WANTED

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affiliation with money manager needing representation in this specialized U.S. market. Has personal contacts within the staffs and/or boards of most major U.S. public pension funds throughout the U.S. Knowledgeable of the nuances and politics in this market. Brings mature judgment with good presence. U.S. citizen.
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Applicants should have:

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- A commitment to vocational education and training.
- A demonstrable record of success within senior management.

Remuneration: This post carries a negotiable salary with an annual review, an index-linked pension scheme, seven weeks annual leave and assistance with relocation expenses.

Further details, including an application form, are available from Barbara Stanley, Loughborough College, Radmoor, Loughborough LE11 3BT. Telephone: Loughborough (0509) 215431. Closing date 19th August 1993.

LOUGHBOROUGH COLLEGE
RADMOOR LOUGHBOROUGH LEICESTERSHIRE LE11 3BT

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GENERAL MANAGER & DIRECTOR OF MARKETING

Poland

Our client, a top US Fortune 500 company who is active in over 100 countries worldwide, is seeking two Executives for its rapidly expanding consumer products business in Poland.

GENERAL MANAGER

You should have at least 15 years consumer products experience reflecting P&L, marketing, sales, R&D, manufacturing, and staff support responsibilities.

DIRECTOR OF MARKETING

At least 10 years experience in brand/marketing management for large advertising/promotional-driven branded products is essential.

Both positions require demonstrated success in positions of increasing responsibility in American and/or Western European consumer companies. Bachelor's degree essential; advanced degree a plus. Ideally, candidates will be fluent in the Polish language, have an awareness of or experience in Polish cultural mores, and be comfortable living in Warsaw.

Our client offers a highly attractive compensation package including housing, automobile, and relocation allowance. To apply, please send detailed resume of qualifications in English to:

Box B1593, Financial Times,
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ASSISTANT UK FUND MANAGER

City investment house requires an assistant UK fund manager to work with two senior fund managers. Responsibilities will include stock analysis and company visits in order to provide recommendations. Some experience in quantitative screening would be considered advantageous.

A competitive salary plus benefits will be offered to the successful candidate.

If you are interested in applying, please reply enclosing your Curriculum Vitae to:

Box 1594, Financial Times,
One Southwark Bridge,
London SE1 9HL

AVAILABLE IMMEDIATELY:

Two Foreign Exchange positions in the London branch of a large US regional bank

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Suitable applicants will meet the following qualifications:

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- Familiarity with interest rate products;
- Direct experience with technical and fundamental analysis of currency and interest rate product markets;
- Minimum of 7 years experience in Foreign Exchange markets.

The selected applicant will report directly to the Manager of International Treasury based in the US and will receive an excellent salary and bonus package.

FOREIGN EXCHANGE TRADER

Suitable applicants will meet the following criteria:

- Broad knowledge of Interbank and Futures FX markets;
- Background in use of technical and fundamental analysis of currency markets;
- Minimum of 4 years experience in Foreign exchange markets.

The selected applicant will receive an excellent salary and bonus package.

Interested individuals should forward a CV/Resume and cover letter to:

Box B1592, Financial Times,
One Southwark Bridge, London SE1 9HL

Recruiting Professional

Human Resources Department Global Investment Bank

A leading American Investment Bank is seeking to hire an experienced recruiter to join the London HR team servicing the European capital markets and corporate finance business.

The ideal candidate will have 3-5 years' experience of recruiting front office professionals in the global financial markets and will presently be working within a Bank or Search and Selection firm servicing the financial community.

The successful candidate will be responsible for deciding, organising and implementing the most effective methods of front office recruiting. Consequently, experience of Search/Selection and direct recruiting is important. Candidates will have strong interpersonal, judgement and closing skills and be capable of dealing with managers at the most senior levels within the organisation.

The level of compensation will reflect the Bank's commitment to recruitment.

Please write in strict confidence either with your cv or career summary to

Box No. B1595,
Financial Times,
1 Southwark Bridge,
London SE1 9HL

FOREX



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Watson	Neil	Chemical Bank, England
Helminen	Kari	Skopbank, Finland
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Kam Yuen	Ho	Overseas Trust Bank Limited, Hong Kong
Poon	Michael	Tokyo Forex & Tallet International Ltd., Hong Kong
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Kerkhove	Michel	Dagupan Bin, Luxembourg
Agidius	Anna	Aktivbank Int'l S.A., Luxembourg
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Yew Kong	Leong	Tullett & Tokyo Denpa Forest, Singapore
Chang Yew Yuse	Eddie	United Malayan Banking Corporation, Singapore
Kho Mui Young	Joanna	Malayan Banking Berhad, Singapore
Binnor	Amada Horst	Banco Bilbao Vizcaya, Spain
Lekie	Saella	Svenska Handelsbanken, Sweden
Schmeling	Stefan	Comats & Co, Switzerland
Keane	Brian	The Northern Trust Company, U.S.A.

The next examination for the foundation diploma will be held on Monday 13th December 1993. Details of the autumn courses will be available from the end of July. All enquiries should be directed to: Brian Green 0804 884789 or Peter Searson 071 253 3732.

AUDIT MANAGERc.£33,000 plus benefits
Milton Keynes

The Commission for the New Towns is responsible for the management and disposal of land and property in twenty-one prime locations including Milton Keynes and has a portfolio valued in excess of £1 Bn.

Our existing internal audit function has been reorganised to meet the challenges facing the organisation over the next five years. This is a newly created post and will head up the service which is expected to become fully operational in the autumn.

Based in Milton Keynes but visiting the other three Regional Offices on a regular basis, the Audit Manager will be expected to direct the activities of ten Audit staff in accordance with the principles laid down in the Government's Internal Audit Manual (GIAM) and best professional practice.

For day-to-day purposes, preparation and implementation of the strategic audit plan and the establishment of in-house standards and methods of working, the postholder will report to the Director of Finance. The Audit Manager will, however, remain independent by being generally accountable to the Chief Executive and the Finance Committee.

It is essential that candidates can demonstrate that they have both sound professional qualifications and substantial high level management experience.

For an informal discussion, please ring Dennis House, Director of Finance on 071-828 7722 Ext. 287.

Further details, application form and job outline are available from the Personnel Section, Commission for the New Towns, Glen House, Stag Place, Victoria, London SW1X 5AJ.

Interviews will be held in the week commencing 23rd August 1993. Closing date for applications: 16th August 1993.

CNT COMMISSION FOR THE NEW TOWNS

ACCOUNTANCY COLUMN**Food for thought in Polly Peck's bitter harvest**

Andrew Jack argues that the profession could have done more to highlight problems in the group's affairs

THE story of Polly Peck International, the fruit-to-electrics group, which went from wonder stock to insolvency within a few weeks in 1990, is almost as sorry a tale for accountancy as it is for Mr Asil Nadir, its founder.

The most prominent finger of blame must point to Mr Nadir, who has illegally fled to his native northern Cyprus, jumping bail conditions while awaiting criminal prosecution for theft, and facing civil action for the recovery of misappropriations totalling at least £371m.

The regulations of those who have pursued him - notably the Serious Fraud Office, the Stock Exchange and the Inland Revenue - are not entirely untarnished. But the episode has shown many facets of accountancy in an equally poor light: preparers and users of accounts, standards, auditors, administrators and professional bodies.

It appears that Meyna, the group's Turkish fruit business, has a turnover one-fifth of that claimed for it in the group accounts. Against reported trading profits of £1195bn (£11.6m) for the first six months of 1990, the management accounts for the full year show gross profits of just £1.13bn and an overall net loss.

Whether this could have been detected earlier is open to question. There is evidence that Nadir blatantly misled his

auditors on at least one occasion, by failing to discuss his interest in 1989 in Imperbank, a Turkish bank which was instrumental in channelling Polly Peck funds into his own personal and private business activities.

But there were other areas which arguably should have aroused more suspicion at the time. Meyna was one of several PFI subsidiaries whose reported performance did not tally with reality. It was listed as the UK's second largest capital investment in Turkey and was apparently generating substantial sales. Yet local traders suggest it had no more than 5 per cent of the market, and the margins were mysteriously well in excess of those of its competitors.

In northern Cyprus, Sunzest, PFI's fruit exporter, was apparently supplying more oranges than the island's entire annual crop; while Unipac, its packaging company, seems to have been producing more boxes than there was fruit to fill them.

While this evidence was anecdotal - and could usefully have been supplemented by a few more trips from investors and commentators to the Near East while PFI was still trading - other information in the published accounts should have raised some eyebrows.

The geographical split shows profits from operations in the near and Middle East consis-

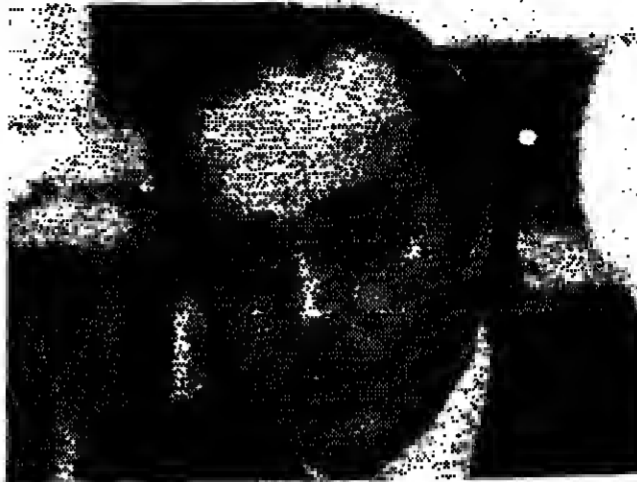
tently above 25 per cent, and still consistently furnishing two-thirds of group profits in 1989 when its contribution to turnover had fallen to 35 per cent. The ratio of net purchase of tangible fixed assets to depreciation was also abnormally high.

Stocks, debtors and work-in-progress all strangely grew year by year to substantial levels, more than doubling between 1988 and 1989 alone. So did the number of days in debtors, creditors and stock. Were these figures ever verified, or considered recoverable?

This is all before considering the frequently highlighted treatment of foreign currency, by which Polly Peck booked to profits large amounts of interest from cash on deposit in high-inflation, soft currency regions, while pushing the exchange losses on conversion through reserves.

Equally, there was the delicacy of the group's cash position. Reassessing its latest source and application of funds statement to the format of FRS 1, the Accounting Standard Board's cash flow equivalent, shows net outflows from operating activities of £129m in 1989 alone - and rising fast.

Both the foreign currency and cash positions can be derived from the published accounts, though they were apparently neglected or dismissed by investors boosting the shares and analysts help-



Asil Nadir: reputations tarnished in the aftermath of his flight

ing hype them even days before the group went into administration.

Much more important was the large amount of cash supposedly on deposit in northern Cyprus, and the highly material profits claimed as generated in the region. Stoy Hayward, PFI's group auditor, says it relied for the audit of these subsidiaries on Erdal and Co, a small local firm which it introduced to Horwath International, the network to which it is affiliated.

Mr Paul Hippe, Stoy's senior partner, says two partners and one or two managers went to northern Cyprus each year to examine Erdal's working papers; and sometimes visited

Turkey. He says the firm had no choice in selecting Erdal, which was chosen by PFI.

The senior audit partner on the job has since died. It has no copies of the working papers it inspected in northern Cyprus and Erdal refuses to supply any now. Other auditors argue that if Stoy had doubts about the quality of Erdal's work, it could have conducted its own audit on the subsidiaries, or qualified the PFI accounts. It did neither.

The administrators to Polly Peck also cannot entirely escape criticism. Their strategy of initially co-operating with Mr Nadir in the hope of realising high proceeds seemed logical, but failed. Their approach

since, including considerable litigation, has so far cost more than the recoveries it has generated. Current estimates give creditors up to 4p in the pound.

More important, the role of the disciplinary processes of the Institute of Chartered Accountants in England and Wales, and the conduct of one of its largest members, are unfortunate. Accountants from Coopers & Lybrand carried out many projects for PFI over the years and yet became administrators in spite of ethical rules banning appointments when there has been a "continuing professional relationship".

Coopers claimed its internal systems were not able to pick up the conflicts. That seems surprising in a firm offering computer consultancy to others, and also since Mr Richard Stone, one of the administrators, was head of corporate finance during some of the time his department was conducting work for PFI.

The Institute, as so often, appeared bound by existing archaic rules, which limited the fines to just £1,000 to each of the two administrators, and an examination of its systems.

Analysis with hindsight may be unfair, but it is likely to be causing a wry smile on the lips of Mr Nadir. He would have had far less chance to throw a smokescreen around his own conduct if those who tackled him had been more unblemished in theirs.

Director of Finance & Administration

Based Home Counties my client is part of a global £ billion operation providing an impressive range of goods and services to diverse and highly volatile markets.

Rapid expansion in the UK and the continual pressure on margins necessitates the need for a firm grip on the finances and a keen eye on the key ratios for this £ multi-million subsidiary.

Your early challenges will include a review of your own team - their strengths, weaknesses and potential, the installation of more efficient procedures and controls, and agreeing your objectives with the UK General Manager. Your personal contribution will be to continually assess the financial trading exposure of the company, provide accurate forecasts and trends analysis and have the strength of your own conviction to vigorously defend your commercial recommendations and decisions.

Fully qualified and probably aged in your thirties you must demonstrate a relevant track record and the necessary personal presence, energy and ambition. Whatever industry you are currently in it must be highly competitive, low margin/high volume, market driven and cash conscious. You will probably come from a smaller company or possibly an operating Division of a larger organisation. You must be highly spreadsheet orientated. Career development opportunities within the Group are excellent for a highly competitive and motivated individual who can deliver the results.

A generous package including bonus, relocation and a quality car is offered. If you believe you can rise to the challenge please send your CV detailing your current benefits package to T.G. Scott & Son Limited, TGS / 142, 1 Lancaster Place, Strand, London WC2E 7HR.

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The positions will be based in our London Office from where we are currently controlling projects in Europe, Africa, the Middle East and South West Asia. Some overseas travel will be required.

You are likely to be in your 30s or early 40s and able to demonstrate a hands-on approach, provide leadership skills and to play a full part at all levels of the decision making process.

In addition to the challenges in both of these roles, the company offers considerable opportunity for progression. This would include opportunities in Controller, Project Finance or Project Management either in the UK, on international projects or in one of our US offices.

We also offer the usual benefits which would be associated with a dynamic international organisation.

Please apply in writing with a full CV, quoting reference A9308, to Paul Oatham, Bechtel Limited, PO Box 739, 245 Hammersmith Road, London W6 8DP.

Bechtel

COMMITTED TO CONTINUOUS IMPROVEMENT

MANAGER OF PROJECT ACCOUNTING**TO £45,000**

In this role, where industry experience would be a significant advantage, you will have responsibility for:

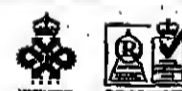
- All project accounting functions including assignment of staff to projects
- Oversee the preparation of statutory accounts and tax returns for overseas operations including liaison with external auditors
- Maintenance of cost effective computerised project accounting systems
- Accounting for joint ventures
- Financial management support in the preparation of project proposals
- Development and training of project accounting staff

REGIONAL TREASURY MANAGER**TO £45,000**

This is a new role and is being filled to provide more effective treasury management in the London Office. Previously this function was filled from our Headquarters in San Francisco. A significant amount of co-ordination will be required with our Head Office as this role develops. Proven experience of treasury management within industry or banking is essential.

Your responsibilities will include:

- Establishment of treasury systems
- FX management throughout the region
- Maintenance of banking relationships
- Issuance of bonds and guarantees
- Treasury support in the preparation of project proposals

**FINANCIAL DIRECTOR**

Scotland - c £45,000 + Car + Bonus

Our client is a £30 million turnover, autonomous subsidiary of a large multi-national organisation. Its principal activity is the high volume manufacture of a range of products for sale direct to the public.

The position requires someone who will combine a first class technical background with general business flair. The Financial Director assumes full responsibility for the running of the Finance Department, but will also be expected to play a key strategic role as a member of the senior executive team.

We anticipate the successful applicant will be aged 30-45, a graduate,

qualified accountant and will possess a demonstrable record of achieving tangible results in previous roles. Furthermore, it is important that the candidate should possess a maturity of style which allows him/her to interface well with people at all levels in the business, being firm but open-minded. To return, the successful candidate will enjoy working with a highly professional, motivated team, responsible for directing the future of this progressive company.

Please apply without delay, in writing to Nigel Wright.

Nigel Wright Consultancy, Belgrave Business Centre, 45 Frederick Street, Edinburgh, EH2 1EP



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NORTHERN-BASED**c £42,000 + BONUS + CAR****Finance Director**

This is a key appointment in a well established and autonomous subsidiary of a quoted plc. Amongst the market leaders in its sector, its products and services remain part of the core activities of its parent, despite recent trading difficulties.

Reporting to the Managing Director, your key task is to help him develop the strategies, plans, processes and procedures that will enable the business to realise its potential. Responsible for all aspects of financial management, your emphasis must be on teamwork, tight financial disciplines and the development of computer based systems to provide essential management information and control.

A qualified accountant, you will probably have already managed the finance function of a medium sized business.

You will have proven skills in business system development and a practical, shrewd approach to financial management, backed by a well developed commercial awareness. The job offers a high performer outstanding prospects for career development.

Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence to Peter Jones, Coopers & Lybrand Executive Resourcing Ltd, Abacus Court, 6 Minshull Street, Manchester M1 3ED, quoting reference P250 on both envelope and letter.

Coopers & Lybrand

INTERNAL AUDITOR**£25K package + car**

3i is Britain's leading investment capital company, investing in businesses in most sectors of industry, both within the UK and internationally, supporting start-ups, growth and changes of ownership.

As one of the country's leading backers of business, we naturally adopt progressive and professional practices - particularly when it comes to monitoring our own operations.

Joining the Internal Audit team in our Waterloo Road office, you will cover our Treasury activity as well as providing support on financial and operational processes to ensure we meet required standards and statutory regulations. Some travel will, of course, be involved.



INVESTORS IN INDUSTRY

The need is for a London/SE based qualified CA with around two years' experience, including auditing of Treasury activities in the Banking sector. A working knowledge of French or German would be an advantage but is not essential.

Salary will be competitive, and the package includes company car and financial sector benefits. There may also be opportunities to broaden your experience into other fields.

If you are ambitious and have exceptional skills, develop your career with a leader in investment capital.

Please send your CV to Paula Bates, Human Resources Adviser, 3i plc, Trinity Park, Bickenhill, Birmingham, B37 7ES.

APPOINTMENTS WANTED

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Clare Peasnell on 071 873 4027

The British Council

The British Council is Britain's principal agent for cultural relations abroad, including promotion of the English language and educational and technical cooperation. The Council is an independent, non-political organisation, incorporated by Royal Charter. It is represented in 98 countries and employs 6,300 staff worldwide, and has a turnover of over £400 million, around £130m of which comes from government grants. This is a challenging time for the British Council as it repositions itself as a tightly controlled, cost-effective and increasingly self-funded organisation. The role of the finance function is central to this evolution, and the Council wishes to strengthen its senior management team with the appointment of two key individuals.

Financial Controller

to £65,000

This is a newly created position, reporting to the Finance Director, and taking responsibility for the entire finance function. As a result of a recent strategic review, the department is being restructured and the Financial Controller will drive this process, realigning the function to support and address the business needs of the Council. Additional tasks include:

- reviewing and enhancing the financial systems and controls that exist throughout the Council, worldwide;
- providing effective and motivational leadership for a widely spread finance team, at the same time as strengthening the skill base;
- managing the process of change from cash to accruals accounting.

Candidates for this position will be graduate qualified

accountants of considerable personal stature and credibility, with a successful track record of leading the finance department of a large, complex international organisation.

A background in the service industry - public or private sector - would be most relevant, and familiarity with the disciplined regime of a tightly controlled financial environment is vital.

Highly developed management and communication skills are a pre-requisite, combined with integrity, professionalism and an ability to get things done. In addition, the Council will look for a record of achievement in the management of change. It is envisaged that the Financial Controller may take over from the Finance Director in the medium term.

Reference No. 206J

Head of International Audit

to £45,000

The primary function of the audit department is to gain assurance that systems and controls are adequate throughout the operations of the Council worldwide. The Head of International Audit will report to the Finance Director, leading a team of ten.

Audit will play an important part in the repositioning of the Council and it will be this individual's task to define a more pro-active and wide-ranging role for the department, whilst still emphasising the continued need to achieve the necessary standards of financial control. Key duties are to:

- assess the level of audit risk and devise appropriate audit plans and procedures to address such risks;
- determine the organisational structure and resources required to meet the objectives of the department;

develop and motivate the audit team to rise to the challenges implicit in the Council's changing environment. Candidates should be graduate qualified accountants with a strong track record at management level in the audit function of a large multinational organisation. This experience should include the planning of audits, the deployment of resources and the effective development of staff.

Exposure to the public sector would be useful, as would familiarity with computer audit techniques. A self-starter is required, with first-rate communication skills, strong attention to detail and a record of success in managing staff.

It is envisaged that the Head of International Audit will be away for at least 30 nights a year. This is a career development opportunity and prospects for progression are excellent. Reference No. 207J

These positions, based in Central London, will be filled on an initial three year fixed term contract, with packages agreed by negotiation. The British Council is an equal opportunity employer. Registered in England as a charity No. 209131.

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A GKR Group Company



SEARCH & SELECTION

Please send a detailed CV to GKR at the address below, quoting the relevant reference number and including details of current remuneration and availability.

Price Waterhouse

EXECUTIVE SEARCH & SELECTION

Finance Director

Leading edge communications and computing services

c.£50,000 + benefits Central London

Part of a major multinational group, this new business unit has been established to provide communications and computing services to both internal and external customers. Rapid change and leading edge technology are key features of the business.

A Finance Director is to be appointed to contribute fully to the strategic development and effective management of the business in a rapidly changing environment. Major responsibilities will include:

- Developing new systems to monitor and control the implementation of business strategies and plans and establishing the performance management framework of the business
- Directing the development and implementation of financial and business support systems and structures.
- Creating and implementing a strategy for the development of

staff in order to build a strong and effective finance function within a devolved environment

- Contributing business and financial advice in many areas, including external and internal negotiations, alliances and joint ventures, venture capital, risk assessment, cost reduction and pricing strategy.

To fulfil the requirements of this new role, you will need:

- A degree and preferably an MBA or equivalent
- A recognised accountancy qualification
- A minimum of 5 years experience at senior manager or director level within a medium/large information technology or telecommunications organisation, preferably operating within the financial services sector
- Strong commercial experience, particularly within the areas of

strategic and business planning, negotiating and financing

- Experience of developing and coordinating effective MIS in a complex and fast-changing technological environment
- Excellent interpersonal and communication skills, a strong professional image and leadership qualities.

This position offers an exceptional opportunity to be a key contributor to an organisation working towards success in leading edge IT services.

Please write, enclosing a full CV and salary details to Heather Thomas, quoting reference number F/1381 at the address below.

Executive Search & Selection
Price Waterhouse
Milton Lane
1 Moor Lane
London EC2Y 9PB
Tel: 071-939 6341
Fax: 071-638 1338

Group Finance Director

Intended flotation of
UK Leisure/Retail Group

Nottingham

£ Negotiable + Car
+ Excellent benefits

Our client, an international leisure and retail group, is a market leader in its field and is currently undergoing a period of significant growth. A dynamic management team, coupled with innovative marketing strategies, and a reputation for excellence, has been effective in producing a number of attractive business opportunities. The result is an environment which is both competitive and highly entrepreneurial.

There now exists a requirement to augment the senior management team with the appointment of a Group Finance Director. The initial brief will be primarily orientated towards the preparation of the company for a stock market flotation. Specifically, this will encompass liaison with the group's financial advisors and city institutions, involvement with relevant statutory documentation, and an input into the marketing of the issue. The appointee will also be responsible for all aspects of financial management, and be expected to contribute actively to the development of group strategy in the period following flotation.

This opportunity will appeal to a commercially orientated Chartered Accountant (aged 35-45) with an outstanding record of achievement to date. Experience of operating at a senior level within a publicly quoted company, preferably having taken the organisation to the market, is essential. In addition, the successful candidate is likely to be a highly effective communicator with the experience and ability to manage rapid growth.

The remuneration package will reflect the seniority of the position and will include a company car and normal executive benefits.

Interested candidates should forward a CV to either Robert Walker or Brian Hamill at our London office, quoting RW1335

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Chief Financial Officer

Poland

c. \$90-120,000 + significant stock options

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Reporting to the President of the Polish business and working closely with senior functional management in the UK and USA, the successful candidate will be responsible for all financial aspects of the business in Poland, and contribute as a member of the senior management team. Strategic analysis will be a key task. Success in this role could lead to international career opportunities.

Candidates must have an accounting qualification (CPA in the USA) with a proven record in a senior financial management role in a blue-chip US or UK multinational. It is essential to have experience in developing cost control and management information systems, ideally in a manufacturing or retail environment, and demonstrable man-management and planning skills.

Please write with full career and salary details and quoting reference 631C, to Richard Kaluzynski, Whitehead Selection Limited, 43 Walbeck Street, London W1M 7HF.

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Finance Director

Hong Kong

Schroders is one of the largest and most international of the UK based investment banking groups. The Asia Pacific Region plays a vital part in our overall strategy and we have several offices in the Region, including Hong Kong, where we employ over 250 staff and provide a full range of services including corporate finance, credit, capital markets, investment management, project finance, securities, and treasury and trading.

An opportunity for a Finance Director has arisen for Schroders Asia Limited, as the current incumbent is to retire shortly. The role encompasses full responsibility for the financial and operational affairs of the bank including regulatory and control aspects, and responsibility for managing the personnel, IT, administration and Company Secretarial functions. The successful candidate is likely to be a qualified accountant and must have senior level financial experience in a banking organisation with substantial treasury operations. Strong management skills will be essential and experience of a broader operational role in an international environment would be useful.

A competitive expatriate package is offered and there are opportunities for career progression within the Schroder Group worldwide.

Applications, including a full resume, should be sent to Sue Cox, Group Personnel Director, Schroders, 120 Chaapsida, London EC2V 6DS or to Ian Boyce, Managing Director, Schroders Asia Limited, 25th Floor, Two Exchange Square, 8 Connaught Place, Hong Kong.



ASSISTANT DIRECTOR OF FINANCE

Circa £30,000 plus
performance related pay
and car



Bromley Health is the commissioning agency for the Bromley Health Authority and Bromley Family Health Services Authority. It has an annual budget of £150 million to secure healthcare for 300,000 people across primary and secondary care.

The NHS and Community Care Act (1990) places importance on the development of primary and community care. Bromley Health, as a unified commissioning agency, is uniquely positioned to meet this challenge. We are now seeking to appoint a qualified accountant to help us. Reporting to the Director of Finance, and liaising closely with the Director of Primary and Community Care, the Assistant Director of Finance will be responsible for:

Primary Care

- strengthening the financial controls over the process of setting budgets for GP Fundholders;
- ensuring consistency in practice accounting and activity recording;
- developing a more explicit performance management approach to Fundholder purchasing;

Community Care

- establishing financial controls over committed expenditure;
- pursuing value for money;
- developing reporting systems.

The Successful Applicant

The successful applicant will be an ambitious qualified accountant who recognises the substantial challenge facing the NHS today and how to meet it effectively. Ideally the successful applicant will have working experience of the NHS. However the important attributes are an understanding of current issues in the NHS and a tactful determination to succeed.

For an information pack contact: the
Personnel Department,
Bromley Health,
Global House,
10 Station Approach, Hayes,
Kent BR2 7EH.

For an informal discussion contact: Philip
Lloyd, Director of Finance on 081-482-2211.
The closing date for applications is 8th August
1993. Interviews will be held during the week
commencing 16th August 1993.

SEARCH • SELECTION • ASSESSMENT

FINANCIAL DIRECTOR

AUTOMOTIVE INDUSTRY

Circa £40,000
Car, benefits

Southern
England

This well established group of ten companies employs about 500 people and has a combined turnover of £60m. It is a major player in the motor vehicle retail and allied business. A new drive to greater efficiency and improved profitability has created an opportunity for a Financial Director to take a leading role in this initiative.

As a member of the senior management team and working in close liaison with the Group Managing Director, you will take full control of all financial aspects of the group's operations. Managing a team of 4 direct and 25 indirect staff, you will pioneer the introduction of "best practice" at all levels, standardise reporting procedures and help facilitate internal auditing throughout the group. A further key element of the role will involve viability studies for ongoing expansion plans.

Probably aged 35-45, it is essential that you are a chartered accountant and preferably an FCA. You will have experience of a multi-site operation, at group level, not necessarily in the motor trade but almost certainly in a complex service and retail environment. Computer literate, a good communicator and a positive thinker, your practical approach will help to generate enthusiasm.

In addition to a substantial salary, the rewards include private healthcare, executive car and a significant annual bonus. Assistance with relocation to an attractive part of the country is also available.

Real commitment and a capacity for personal growth could lead to a main board appointment within twelve months.

If you have the personality and drive we are seeking, please send your CV and current salary details to:

Ramsey Hall Associates, 9 Carlton Crescent, Southampton, Hants SO1 2EX, quoting reference S02092/FT.

All applications will be acknowledged and handled in the strictest confidence.

RAMSEY HALL ASSOCIATES

£40,000 +
full benefits

Thriving Contracting Business

Yorkshire

Financial and Administration Manager

This c. £10m subsidiary is the UK arm of a very substantial multi-national organisation, supplying a unique product in a market niche benefiting from the drive towards environmental improvements. To respond to that market, reorganisation has created an unusual opportunity to combine a number of functions under one senior manager, offering a career move to broaden experience beyond pure accountancy.

- Reporting to a US based CFO and local Managing Director, responsible through small teams for functions spanning accounting, commercial transactions and personnel management.
- A qualified accountant, probably CIMA, combining youth and vigour with the experience and maturity to manage a number of functions. Must be familiar with Sage software.
- To ensure the controls and regular reporting of performance to the US, developing new systems to measure effectiveness, track projects, improve cash flow and optimise stocks.
- Already proven as a rounded financial controller, with practical knowledge of employment law, administrative procedures and a genuine interest in people management.
- To manage all aspects of personnel related affairs, implementing policies and administrative procedures, developing the people needed to support the growth plans of this expanding, profitable business.
- Experience of construction/projects would be ideal. The company style is thriving, fast-moving and ambitious. Its managers are flexible, committed and well rewarded for success.

London 071 973 8484
Manchester 061 499 1700**Selector Europe**
SPENCER STUART

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Addington Court, Greenmoor Business Park,
Royal Road, Manchester M23 8LQ

c. £50,000 package
+ benefits

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East Anglia

Finance Manager

Unusual opportunity for an outstanding project finance specialist to join this fast growing subsidiary of a major plc, a leading player in its sector. Complex joint-venture agreements, substantial capital spends on advanced construction programmes and acquisitions require effective financial management and control. Excellent career prospects.

- Reporting to the Managing Director, responsible for the financial management of a portfolio of current and future developments. Strong project finance focus.
- Qualified accountant, 30s. with strong track record in the financial control of major capital projects in the construction, heavy engineering or energy sectors.
- Establish and manage a flexible financial infrastructure that enables the board to track progress on projects and maximise returns.
- Experience of implementing project tracking systems. Strong financial modeller. Acquisition experience preferred.
- Manage all aspects of the finance function including financial and management accounting, reporting to Group, forecasting and project appraisal.
- Confident, challenging negotiator. Authority and commercial focus to represent the company on a number of joint-venture boards.

London 071 973 8484
Manchester 061 499 1700**Selector Europe**
SPENCER STUART

Please reply with full details to:
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Addington Court, Greenmoor Business Park,
Royal Road, Manchester M23 8LQ

OPERATIONAL AUDITORS

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As an integral part of this expansion the Operational Audit function is currently in the process of strengthening its already powerful presence. Applications, in writing, are sought from top-flight qualified accountants at the following levels:-

- (i) Senior Manager
- (ii) Manager
- (iii) Senior Auditor

Large firm Chartered Accountancy training to qualification followed by extensive exposure to banking in an audit capacity will be considered essential.

Experience of the complete range of banking products/services will be enjoyed and opportunities for career progression within the company are probably second to none. If your career is on a plateau, then, unless you are at present held back solely by lack of opportunity, you are unlikely to suit any of these positions.

In the first instance and for a confidential and comprehensive interview and briefing please contact CHRIS FRENCH at the address below or outside office hours at home on 081-398 7640.

the fleet partnership

Financial Recruitment Consultants
117 Newgate Street, Old Bailey, London EC1A 7AE
Telephone: 071-600 6500 • Fax: 071-600 6300

CREDIT SUISSE FINANCIAL PRODUCTS**Derivatives Product Accountants**

Since its inception in July 1990, Credit Suisse Financial Products has enjoyed unrivalled success and established its reputation as the market leader in the marketing and trading of the full range of derivative product services from its London base.

Continuing growth in activity necessitates the recruitment of two additional members for the Product Control team. Working closely with the front office, the roles will be wide-ranging, encompassing both analysis and control procedures. Specifically, these will include the review and analysis of daily profit reports, assessment of valuation models and the appraisal of complex structured trades.

Equity Derivatives Controller

You will be a qualified ACA with an outstanding academic track record and one to two years' experience of working with OTC equity derivative products. You may be looking for your first move from the profession, or seeking continued development of your product knowledge and front office exposure by joining a dedicated OTC derivatives house.

This is a role that will require well developed management and communication skills to liaise with senior managers and traders.
Ref: 22/1492.

Interest Rate Derivatives Accountant

This role will suit a newly qualified ACA with a strong background in Mathematics, or a related subject. You may already have gained some product experience, but this position will offer the opportunity to develop an in-depth understanding of interest rate derivatives and to be trained in other aspects of the industry.

Close liaison with the front office forms an integral part of the role and, as such, you should possess excellent interpersonal skills combined with enthusiasm and commitment. Candidates awaiting results of final examinations may also apply. Ref: 22/1495.

The pace of growth within Credit Suisse Financial Products is exceptional and, as a result, both positions represent unique career opportunities in terms of the immediate challenges and further personal development in London or overseas. Both positions offer excellent salary and benefits packages, including performance bonuses.

Interested applicants please send a full CV, quoting appropriate reference number to: Tim Musgrave, at Morgan & Banks Plc, Brettenham House, Lancaster Place, London WC2E 7EN or if you prefer, call on 071-240 1040. All direct responses will be forwarded to Morgan & Banks.

Morgan & Banks
INTERNATIONAL**Director of Finance and Administration - UK**

Central London - To £45k plus benefits

Rapid expansion in the European practice of a prestigious international management consulting firm has created a challenging role for a highly skilled accounting professional

Reporting to the UK partner in charge of Operations, the Director of Finance and Administration will have a key role to play in guiding the future development of the firm's practice into Europe. Responsibilities will include:

- Financial & Strategic Planning
- Supervising all Support Functions
- Management of Branch Financial Operations
- Special Project Management

The successful candidate will be a skilled and resourceful manager, with a record of achievement in a comparable role. Five years management experience in a service industry, and Chartered Accountant status are prerequisites. Previous exposure to the consultancy industry would be advantageous.

Interested candidates should send a detailed CV to Peter Weston, Marakon Associates, 1-3 Strand, London, WC2N 5HP, including details of current remuneration and availability.

Marakon Associates**EUROPEAN INVESTMENT BANK**

The EIB, the financial institution of the European Community, is currently seeking for appointment to its Department for Operations in ROME a

**Loan Officer (m/f)**

Qualifications: □ good University degree, or equivalent, in economics/finance; □ several years professional experience, acquired in a credit department of a bank, financial institution, rating agency or consultants, in examining and carrying through credit operations (preferably long and medium term lending); in particular: analysis and assessment of company performance and competitiveness, financial position, prospects and investment decisions; risk assessment; negotiation and definition of loan conditions and security structure; □ alternatively experience in assessing the credit worthiness of banks and financial institutions, with a good knowledge of the banking industry and its specific risks; □ knowledge of quantitative tools and ability to make qualitative judgements on credit risk and guarantees; □ experience and aptitude in direct contacts with clients and negotiation of contracts; □ ability to draft clear and concise financial reports and recommendations; □ proficiency in computer applications.

Languages: as the Bank's working languages are French and English, excellent knowledge of one and good command of the other are essential. Knowledge of Italian would be an advantage.

The Bank offers attractive terms of employment, a generous salary and a wide range of welfare benefits. It is an equal opportunities employer.

Applicants, who must be nationals of an EEC Member Country and preferably not over 35 years of age are requested to send a detailed curriculum vitae, together with a photograph to:

EUROPEAN INVESTMENT BANK
Recruitment Division (Ref.: FMR 9301)
100 boulevard Konrad Adenauer
L-2950 LUXEMBOURG. FAX: 4379 3360.

Applications will be treated in strictest confidence and will not be returned.

ENTREPRENEURIAL FINANCIAL MANAGER

Arts Media Property Group - to £35,000

Our client provides space for several hundred small arts and media businesses in London and Birmingham. Group turnover c.£3.5m. We seek a London based financial controller / manager, who is familiar with small enterprises, to take responsibility for all group finances. Reporting to the proprietor / MD, the successful candidate will implement a new system of financial controls, take responsibility for the efficient reporting of financial and management information, and supervise the accounts and credit control functions. Ideally, he/she will have the acumen to contribute to the continuing expansion of the group.

- ACA, CACA or CIMA qualified
- excellent professional exam record
- min 3 years financial control experience
- experience implementing new systems
- aged 28 - 35
- highly proficient with accounting PCs

CV's in confidence to: THE BLOOMSBURY GROUP, Executive Section, Alton Hse, 177 High Holborn, London, WC1V 7AA. Fax: 071 240 7460, quoting reference FC93.

Group Accountant

Central London

c £35,000 + Bonus + Car + Benefits

Our client is a growing pharmaceutical company with a \$100 million turnover and 15 subsidiaries worldwide. We are recruiting a Group Accountant to work with the Group Financial Director in the company's small London Head Office.

Principal activities will include the review and analysis of subsidiary results, the coordination of the group's management and financial reporting processes including: monthly management reports, statutory accounts, budgets and the business plan. Other responsibilities will include elements of cash management, liaising with the group's auditors, systems development (Lotus) and various ad hoc assignments.

Ideally candidates should be graduate ACAs from the 'Big 6' with around 5 years post qualification experience, some of which should have been gained in industry or commerce and should include multi-currency consolidations, spreadsheet development as well as preparing reports to board level.

A hands on approach and good communication skills are essential. Interested candidates should send their c.v. to David Brownlow, Douglas Lambias Associates Ltd, 410 Strand, London WC2R 0NS. Tel 071 836 9501 Fax 071 379 4020

**APPOINTMENTS ADVERTISING**

appears every Wednesday & Thursday
& Friday (International edition only)

For further information please call:

Tricia Strong on 071-873 3199

Andrew Skarzynski on 071-873 3607

Philip Wrigley on 071-873 3351

JoAnn Credell New York 212 752 4500

**FINANCE DIRECTOR
ENGINEERING PRODUCTS**

This is an exciting opportunity to join a well-established company which is a strategically important part of a quoted engineering plc operating in a range of international markets.

You will be a key member of a management team committed to continuing the growth and evolution of this multi-sited subsidiary, working out of its head office in the North West. The role demands the implementation of a new financial system, the ability to work in an environment where a significant contribution to the company's success is expected. You will have had first-hand experience of financial systems, and a proven track record in a similar role. You will have a minimum of 10 years' experience, with a degree, and a minimum of 5 years' experience in a senior financial role within a manufacturing or engineering company. You will have a proven track record in the implementation of financial systems, and a proven track record in the implementation of financial systems, and a proven track record in the implementation of financial systems.

This is a growing organisation which can offer first-rate prospects for career development, including the possibility for the right individual to move into general management.

Interested candidates should forward a detailed c.v. to: Jackie Willingale, FMS, 6th Floor, 85-89 Colmore Row, Birmingham, B3 2BB, 021 212 0088, Fax: 021 236 9351, quoting Ref: B23095/FT.

NORTH
WESTATTRACTIVE
PACKAGE
EXCELLENT
BONUS, CAR

Group Financial Controller

Manufacturing

£40,000 + Bonus/Options/Benefits

London/M4 Corridor

Key appointment at the centre of a UK, market leading plc, recently restructured and poised for growth in home and overseas markets.

THE COMPANY

- £65m turnover, manufacturing and distributing industrial products in UK, Europe, North America and Australasia.
- Increasingly profitable. Strongly capitalised. 750 employees. Very small Head Office team.
- Need to upgrade financial reporting systems. Aiming to raise group wide accounting and financial information standards.

THE POSITION

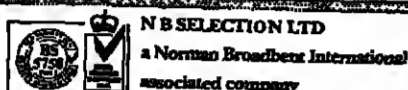
- Full responsibility for all group accounting, consolidations and multi-currency cash management. Close liaison with FDs in operating companies.
- Manage audit process. Support acquisitions investigations. Lead ad hoc projects. Report to Group FD.

- Maintain accounting standards group wide. Compile accounting manual. Select and implement group consolidation package.

QUALIFICATIONS

- Qualified Chartered accountant. Age to 45.
- Ideally exposure to financial control in a major industrial group. Experience of handling multi-currency operations.
- Energetic, tenacious and able to work under pressure to meet tough deadlines and highest standards. German speaker an advantage.

Please send full cv, stating salary, Ref BM2983
NBS, Berwick House, 35 Livery Street,
Birmingham, B3 2PB



Birmingham 011 235 4656
Bristol 0272 291142 • Glasgow 041 294 4334
Aberdeen 0224 638060 • Slough 0753 819227
London 071 485 6392 • Manchester 0625 539953

Financial Analyst

Major Services Group

To £35,000 + Benefits

London

Varied and challenging role in a commercially-driven public corporation with autonomous subsidiaries, a substantial capital expenditure programme and demanding financial targets.

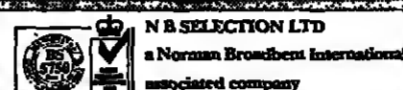
THE POSITION

- Analyse financial information and report on operating performance, budgets and forecasts of key business sectors.
- Prepare incisive consolidated management reports. Perform ad hoc project work as required.
- Part of a lean, highly skilled management accounting team. Regular exposure to business unit managers.

QUALIFICATIONS

- CIMA or ACA qualified accountant, aged 27-33, with experience from a tightly controlled group. Strong spreadsheet skills, ideally MicroControl.
- Confident, committed team player with initiative. First class interpersonal and communication skills.
- Sharp and enquiring mind. Diplomatic personality, able to establish credibility at all levels.

Please send full cv, stating salary, Ref M2984
NBS, 54 Jersey Street, London SW1Y 6LX



London 071 485 6392
Bristol 0272 291142 • Glasgow 041 294 4334
Aberdeen 0224 638060 • Slough 0753 819227
Birmingham 021 235 4656 • Manchester 0625 539953

Strategic Development Manager

Young accountant to influence major growth programme

Yorkshire

c. £30,000 plus car

A market leading manufacturer and distributor of building-related products, our client has plans for ambitious growth both organically and by acquisition. Part of a major British group and with a turnover in excess of £100m, the company has maintained an excellent profit performance in recent years and is well positioned, from a financial perspective, to achieve its growth objectives.

The newly created role of Strategic Development Manager will be fundamental to the future success of the business. Reporting to the Managing Director, the person appointed will be responsible for identifying and investigating opportunities for organic and acquisitive growth.

The priorities of the position will be to:

- analyse markets and specific companies to identify development opportunities;
- investigate the financial and commercial rationale of proposals and development opportunities;
- prepare necessary documentation and financial

projections, identify key issues and propose alternative action where appropriate.

The position will require a unique blend of skills and experience. The successful candidate, probably aged late 20s to mid-30s, will be a qualified accountant, possessing strategic vision and first class analytical and investigative skills. Experience of one or more of the following accounting-related areas is essential: financial management consultancy, corporate finance or auditing. This experience should be combined with a broad commercial and business awareness. Candidates should be of graduate calibre, and a second degree or business qualification such as an MBA would be a definite advantage.

This is an outstanding opportunity to play a key role in the company's expansion programme, and future career prospects within this business or, indeed, the group are excellent.

Please send a detailed CV, to GKRS at the address below, quoting reference number 92269N and including details of current remuneration and availability.



SEARCH & SELECTION

PARK HOUSE, 6 KILLINGBECK DRIVE, YORK ROAD, LEEDS LS14 6UF. TELEPHONE: 0532 484848
A GKRS Group Company

FINANCIAL CONTROLLER - SATELLITE SERVICES

Salary Package £45,000 + Car - Central London

Maxat Limited, a wholly owned subsidiary of France Câbles & Radio (part of the France Télécom Group), is currently the fastest expanding satellite services company in Europe. Having established itself via its state-of-the-art teleport at the ITN building in its chosen markets of broadcast services, corporate television and satellite data services in 1992, it is now in an explosive growth mode. Turnover is expected to double each year and exceed £12 million in 1994.

We are seeking a replacement Financial Controller to join a 5-person Management team. Direct reporting is to the UK Chief Executive and dotted line to France Câbles & Radio in Paris. You should be a graduate Chartered Accountant in the 30-40 age group, an exceptional candidate, who can demonstrate a high level of achievement in a change environment. We expect you to be a technically sound accountant and to show us that you can make a constructive contribution to business development whilst improving the current financial controls and enhancing the systems. A French speaker would be at an advantage.

Replies to: Robert Morgan
The Bloomsbury Group
Alton House
174-177 High Holborn
London WC1V 7AA



MAXAT LIMITED IS AN EQUAL OPPORTUNITIES EMPLOYER

ACCOUNTING EXPERT

at the National Bank of Poland
General Inspectorate of Banking Supervision
(Contracting Authority)

financed under the EC PHARE Financial Sector Development Programme

The National Bank of Poland is currently seeking, for its General Inspectorate of Banking Supervision department an adviser who will be based in Warsaw and will be required to carry out the following tasks:

- Introduction of the relevant amendments to, and improvements in the Banking Chart of Accounts (BPK91), incorporating changes in the banking activities in Poland, following the introduction of new banking products.
- Assistance to the commercial banks in the implementation of the revised Chart of Accounts.
- Advising on the practical accounting consequences of the introduction of the various new banking products.
- Participation in working groups set up to resolve accounting problems, and assistance in the implementation of the draft proposals.

Qualifications & Experience

The adviser must be a qualified Chartered Accountant or member of an equivalent professional body and must possess excellent knowledge and experience in the field of bank accounting. This experience may have been gained at a leading accounting or consulting firm specialising in bank accounting, and should include operations in foreign exchange, debt/equity swaps, capital market and interbank money markets, and financial instruments, including off balance sheet items such as swaps and options. Experience in inflation accounting and debt restructuring and evaluation would be considered desirable.

A sound knowledge of the Polish language will be an additional asset.

The contract is for six months with the possibility of renewal.

Candidates should be EC nationals or nationals of an Eastern European country assisted by PHARE.

Please write enclosing a full C.V., quoting reference P 9108-36, to Mr Waldemar Maj, President of the Foundation for the Development of the Financial Sector (Executive Agency), Ministry of Finance, ul. Swietokrzyska 12, 00-916 Warsaw, Poland.

BURSAR



The Queen's University of Belfast invites applications for the post of Bursar which will become vacant on 30 September 1993 upon the retirement of the present holder. The Bursar is a member of the senior management team and will be expected to make an important contribution to the policy-making and strategic planning processes of the University. The Bursar is responsible to the Vice-Chancellor for the financial business of the University and associated administrative services.

Applicants must possess a university degree, or be a fully-qualified member of a professional accounting body (ACA, ACCA, CIMA, etc.) or equivalent. Possession of a relevant further qualification such as the MBA may be advantageous.

Applicants must have a successful record of achievement as a senior management level in a large complex organisation, and, in particular, of financial administration, and be able to demonstrate an ability to contribute to the development of the University.

Candidates will be expected to demonstrate a knowledge of the funding framework within which universities in the United Kingdom and Northern Ireland operate.

The salary payable will be within the professional range and, to reflect the seniority of this post, will not be less than £40,000 per annum. The successful applicant will be eligible for membership of the University Superannuation Scheme.

Further particulars of the post may be obtained from the Personnel Office, The Queen's University of Belfast, University Road, Belfast, BT7 1NN (Telephone: 0232 245133 ext. 3036 or FAX: 0232 234944).

Applications accompanied by a full curriculum vitae together with the names and addresses of three referees should be submitted to the Vice-Chancellor at the above address by 6th September 1993.

The University is an Equal Opportunity Employer and welcomes applications from all sections of the community. The University reserves the right to interview only those applicants who appear, from the information available, to be the most suitable in terms of experience, qualifications and other requirements of the post.



The Queen's University of Belfast

AN INTERNATIONAL SHIPPING & TRADING GROUP

is interested in employing an administration person of over 30 years of age with an accounting/financial control background and advanced computer skills to take over all book-keeping, accounting & contracts administration functions as well as computerisation of the group's international affairs in the London office. English as a first language. Arabic (written & spoken) is a must. French is desirable.

Contract: Gracie (Tel: 071-823 3990)

Please send C.V. to Central Ship Management and Services Ltd, Omega House, 2nd Floor, 471 Kings Road, London SW10 0LU.

APPOINTMENTS ADVERTISING

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For further information please call:

Tricia Strong on 071-873 3199
Andrew Skarzynski on 071-873 3607
Philip Wrigley on 071-873 3351
JoAnn Gredell New York 212 752 4500

Camden and Islington Health Authority DEPUTY DIRECTOR OF FINANCE AND INFORMATION

London

Circa £38,000 + Performance Related Pay

Camden and Islington Health Authority is one of the most complex health care purchasers in the UK. It serves 340,000 people resident in the boroughs of Camden and Islington, with an annual budget of £230m to purchase health care.

You will be responsible for strategic and operational financial planning which will include assisting the Director in the development of financial strategies, providing financial planning and advice, monitoring and reporting against plans, assisting with the comparative analysis of services from providers, assessing costs and developing ways to link payment to patient activity. In addition, you will be responsible for providing strategic and operational information to enable the Authority to purchase high quality, value for money health care for its residents. You will also provide financial input to contracting and participate in the negotiation of contracts with providers.

This is a challenging position which will involve you closely in the key activities of the Authority. You will therefore be CCAB qualified or hold an equivalent business qualification and have substantial experience in financial management. You will possess authority, energy and initiative and will have excellent communication, presentation and interpersonal skills.

For a job description and application form please contact Pamela Flaxman, Personnel Officer, Camden and Islington Health Authority, 110 Hampstead Road, London NW1 2LJ. Tel: 071 383 4888.

Closing date for completed applications: Friday 6th August, 1993.

CAMDEN AND ISLINGTON HEALTH AUTHORITY IS AN
EQUAL OPPORTUNITIES EMPLOYER.

Ref: J08DESCP.01



FINANCIAL ACCOUNTANT HIGH WYCOMBE

Biffa Waste Services, part of Severn Trent Plc, are one of the leading waste management companies in the UK market today.

A vacancy has arisen for a Financial Accountant who will be based at the company's head office in High Wycombe. Reporting to the Financial Controller you will be responsible for:

- Reporting of consolidated monthly and annual results to Severn Trent in compliance with deadlines and formats specified by Severn Trent.
- Production of detailed balance sheet and cash flow information for monthly board reports.
- Liaison with Severn Trent group taxation and external taxation consultants in the production and review of annual tax computations.
- Preparation of statutory accounts.
- Production of quarterly VAT returns and maintenance of VAT records.
- Ensuring the maintenance of up to date reconciliations of a wide range of balance sheet accounts.
- Co-ordination of the production of information for quarterly Finance committees.
- Assistance with ad hoc tasks as requested by Financial Controller and Finance Director.
- Completion of statistical returns.

You should hold a major accounting qualification and have at least three years' post-qualification experience in a Finance Department. A good working understanding of current VAT and taxation legislation would be beneficial, though a detailed knowledge is not essential.

The position will be based in High Wycombe and applications are only invited from candidates who will not need to relocate in order to take up the position. A company car and attractive salary form part of the package, together with the usual range of benefits associated with a large and successful company.

Applications should be made in writing enclosing a CV and quoting current salary to:

Mrs Caroline Neal, Director of Personnel
Biffa Waste Services Limited, Coronation Road
Cresser Industrial Estate, High Wycombe, Bucks, HP12 3TZ

BIFFA WASTE SERVICES IS AN EQUAL OPPORTUNITY EMPLOYER

BRITISH VIRGIN ISLANDS

Due to continued expansion, we have the following vacancy in our Tortola office:

TRUST MANAGER

The position will involve the administration of a portfolio of trusts and companies for international clients.

The successful applicant will be expected to have the full range of trust/company management skills and the ability to communicate with clients and their professional advisors. Preference will be given to applicants in the age group 24-30, who should possess a relevant professional qualification such as ACA/ACCA/ACIS/ACIS.

The Advertiser is a major financial group with a network of Trust/Company Management offices in various offshore centres. We offer an attractive remuneration package which includes non-contributory pension and health schemes.

Applications, including a full C.V. should be addressed to:

Box B1582, Financial Times
One Southwark Bridge
London SE1 9HL

European Director of Finance & Operations

West London

Our client is a rapidly expanding American public corporation, which is the world leader in the design, marketing and distribution of high technology products in the entertainment sector. Supplying major global brands to international blue chip customers, the company is at the leading edge of innovation in an aggressive, success orientated industry.

Subsidiaries are now firmly established throughout Europe and a new management team is being assembled to spearhead their continued development and profitable growth in key European markets. Working closely with the European President, the Finance Director will be responsible for all financial and operational aspects of the business. An immediate priority will be the implementation and development of sophisticated management information systems as a basis for both day to day control and medium/long term planning. Establishing strong relationships with external advisers and financial institutions will be

to £70,000 + Car + Options

vitaly important. As a key member of a small senior management team, the successful applicant will be expected to influence and initiate corporate strategy to drive the business forward.

Candidates, aged 32-42, should be graduate, qualified accountants, preferably experienced in an international, hi-tech, media or entertainment related environment. Clear commercial vision and excellent managerial and communication skills are essential. Familiarity with complex import/export operating systems and a second European language capability is highly desirable. This is a young, profitable, dynamic company, requiring total commitment and action rather than delegation.

Interested applicants should forward a comprehensive curriculum vitae, quoting ref: 156918, to Mark Hurley ACMA, Executive Division, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.

Michael Page Finance

Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

UK Finance Manager

Thames Valley

c £50,000 + Car

Our client is the European Headquarters of a major US multi-national, a world leader in the electronics and communications sectors. Turnover in the UK is approaching £1bn and is generated from six operating businesses. There are extensive manufacturing, export sales and product development activities throughout the country.

This position is responsible to the European Finance Director for all UK corporate finance functions, including financial planning/analysis, statutory reporting, cash/treasury management and taxation. The primary function of the role will be to provide financial leadership and guidance to operating company management, managing a small team of high calibre professionals and ensuring excellence of financial performance throughout the company.

Candidates, aged 28-40, should be

qualified accountants with a strong track record of achievement to date, preferably gained in an international company environment. Key personal qualities should include above average intellect, excellent communication skills and the presence and maturity required to make an immediate impact at the most senior levels of a major multi-national business.

Career development opportunities for the successful individual will be substantial.

Comprehensive relocation facilities are available where appropriate. Interested applicants should forward a comprehensive curriculum vitae,

quoting ref: 159252 to

Alan Dickinson FCMA, Executive Division, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.

Michael Page Finance

Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

Financial Controller

West Midlands

£30-35,000 + Car + Bonus + Share Options

Our client, a division within a highly successful American group, which has been quoted as 'one of the top two hundred growth companies in the US', is a market leader in its field. The company has embarked on a substantial capital investment programme to consolidate its market leader status and its commitment to 'world class manufacturing'.

As a key member of the management team, the Financial Controller will be expected to lead the further development of the finance function in its pursuit to achieve world class status. Significant emphasis will be placed on the ability of the candidate to co-ordinate total quality management in the department, placing emphasis on internal/external customer satisfaction as well as contributing to the commercial management of the business.

The successful candidate will be a qualified accountant, with a minimum of 12 years experience, who can demonstrate a proven track record in a manufacturing environment committed to the total quality management ethos. The company is going through a significant period of growth, therefore the ability to manage change will be a prerequisite. Excellent communication skills, high levels of drive and well developed leadership qualities will also be essential.

Interested applicants should forward a comprehensive curriculum vitae indicating salary aspirations and quoting reference 158339, to Tony Gleeson BA CA at Michael Page Finance, The Citadel, 190 Corporation Street, Birmingham B4 6QD.



Michael Page Finance

Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

Financial Director

West Midlands

£30-35,000 + Car + Relocation

Our client is a manufacturing subsidiary of an international market leader with a track record of strong profit performance. The company has an impressive and varied client base and is committed to offering its customers the highest quality products and services in a competitive market place.

Reporting to the Managing Director, the brief will cover all aspects of management and statutory reporting as well as company secretarial duties. The successful candidate will also be expected to help in the implementation of a full suite of business control and administration systems, which will be capable of providing rapid, accurate information and analysis.

Candidates, aged 35+, will be qualified

accountants with experience gained at executive level in a small to medium sized manufacturing subsidiary.

Applicants should be able to demonstrate a 'hands-on' approach to project management and the ability to contribute to the commercial success of the company. Experience of TQM will also be desirable.

Flexibility, commitment and excellent interpersonal skills are also prerequisites.

Interested applicants should forward a comprehensive curriculum vitae to

Tony Gleeson BA CA at Michael Page Finance, 190 Corporation Street, Birmingham B4 6QD.

Please quote reference 158993.



Michael Page Finance

Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

Business Planning/ Corporate Finance

West End

c £40,000 + Bonus + Car

Our client, a major UK quoted company, operates internationally in niche, service sector markets. Turnover approaching £1bn is generated from the existing business network and there are significant plans for future expansion by acquisition, joint venture and organic growth.

This role will form part of a small team whose remit is to provide high quality support to the Group's strategic planning and business development activities. Typical responsibilities will include the financial and commercial analysis of existing businesses, co-ordination and review of the business planning process, appraisal of potential acquisitions and assisting in the acquisition/integration process.

Candidates, aged 27-32, should be profit orientated professionals with the ability to influence commercial decisions at the highest level, in a fast moving business. Suitable applicants will be currently employed in a financial planning/corporate finance capacity within a large commercial concern, consulting house or 'Big 6' accountancy practice.

Interested applicants should forward a comprehensive curriculum vitae, quoting ref: 159025, to Alan Dickinson FCMA, Executive Division, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.



Michael Page Finance

Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

Technical Manager - Corporate Recovery Services

CENTRAL LONDON

£45-65,000

Arthur Andersen is one of the world's leading and fastest growing professional service organisations, providing a wide range of financial and business advisory services to our clients. Our Corporate Recovery practice has experienced rapid growth. We have dealt with many of the most complex recent assignments and our innovative approach to our work places us at the forefront of developments in the insolvency field.

We are seeking to recruit a Senior Technical Manager to enhance our existing Technical Group. Key functions will be to provide a technical advisory service to our UK Corporate Recovery practice and act as a focal point for specialist technical research. The successful candidate will be taking over responsibility for:

- Communicating and documenting the implications of recent technical developments.
- Providing technical material to the practice.

- Briefing partners and managers on technical issues.
- Maintaining the development of standardised procedures throughout the practice.
- Developing technical material for internal training courses.
- Maintaining our computerised optical image database.

This is a high profile role which demands excellent technical skills (ACA and/or licence holder) combined with strong interpersonal attributes and the ability to gain the respect of our partners and managers. Suitable candidates will be able to demonstrate broad knowledge of insolvency and have wide ranging practical experience, together with strong administrative skills.

Please send a curriculum vitae to Chris Nelson at our consultants, Michael Page Group, who have been retained to handle this assignment, at Page House, 39-41 Parker Street, London WC2B 5LH. Tel: 071 831 2000.

ARTHUR ANDERSEN

ARTHUR ANDERSEN & CO. SC

ATKEARNEY Financial Controller

Central London

£30-34,000

Our client is a leading global management consulting firm operating in 32 countries. They offer consulting services for a primarily blue chip client base, covering all practice areas.

Reporting to the European Financial Controller in Düsseldorf and supporting the Managing Director in London, you will be the senior finance person in the UK. Responsible for a small team, your role will include the preparation of financial and management information, company tax and all other matters financial. You will be expected to take a proactive role in the success of the UK office, carrying out ad hoc projects, liaising with auditors, fiscal and legal authorities and banks. You will be the key figure in

all financial matters and will be expected to develop the role in order to maximise profitability.

The successful candidate will be a fully qualified accountant, aged 26-32. As well as directly supervising your team and meeting corporate requirements, you will liaise closely with consulting staff and partners, supporting them in the management of a complex and dynamic business both in the UK and overseas. A high level of technical and systems ability is desirable.

Interested applicants should send a curriculum vitae to David Bloch at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.



Michael Page Finance

Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

Network SouthEast Financial Analysis Manager

Central London

£30-35,000 + Bens

Network SouthEast, one of the major rail operators in the country, is undergoing a period of dynamic change and is at the forefront of the current reorganisation of rail transport in the UK.

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COMMODITIES AND AGRICULTURE

Oil price slips as Opec meeting is postponed

By Deborah Hargreaves

NORTH SEA oil prices slipped by 15 cents in late trading as Mr Jean Ping, Gabon's oil minister and current president of the Organisation of Petroleum Exporting Countries postponed its emergency meeting.

Mr Ping who had been holding talks in Jeddah with Saudi Arabia's oil minister Mr Ibrahim Nazari, said that the organisation had not had enough time for consultations before its meeting next Wednesday. He said the emergency meeting would be put off at least until the second week of August.

Opec called an emergency meeting on Monday after a sharp fall in prices on fears that Iraq was close to an accord with the United Nations

that would allow it to supply \$1.6bn-worth of oil or 500,000 to 600,000 barrels a day over six months. The market is already well supplied as most of Opec's members are producing more than their share of the overall ceiling.

However, Opec members have their hands tied in deciding a plan of action until they know the details of any Iraqi accord with the UN. Since Iraq's negotiators have not yet returned from Baghdad to New York, talks are unlikely to resume until next week.

The oil prices have risen on the back of the fall in the Iraqi talks and the scheduled Opec meeting, taking some of the pressure off ministers who feel that to meet before they know the full terms of an Iraqi deal would be worthless.

EC unveils plans to curb wine surplus

By Lionel Barber in Brussels

THE EUROPEAN Commission yesterday unveiled plans for curbing the European Community's growing wine lake, starting with a U-turn on its policy of using generous subsidies to encourage the distillation of surplus wine.

Mr Rene Steichen, EC farm commissioner, said the commission favoured measures to prevent surpluses, such as higher premiums to dig up vineyards and the reduction of sowing, which farmers use to produce higher yields.

Mr Steichen's new policy comes in response to falling wine consumption and higher yields in Europe and tougher competition from Latin America and eastern Europe.

The EC's current wine surplus is about 22m hectolitres. The commission initiative is intended to complement the common agricultural policy reform of 1992, which aims to reduce excess cereal production and to curb export subsidies.

Mr Steichen forecast that, on present trends, without reforms, the EC wine surplus would expand 40m hectolitres by the year 2000. Only 15m hectolitres could be disposed of by distillation, he said.

"There is too much wine," he told a news conference, "the reduction of the area of cultivation is more than offset by the increase in yield and the decrease in consumption."

Mr Steichen expressed dissatisfaction with the earlier EC policy of encouraging distillation of excess wine. This encouraged fraud and increased the incentive for farmers to over-produce because EC subsidies made this profitable.

As a result, the commission intended to reverse the thrust of its present aid programme, the commissioner said.

In 1993, the EC is expected to spend Ecu1.5bn (\$1.2bn) supporting the wine market, some Ecu500m of which will be used to drain off the so-called wine lake.

Under the new regime, the Commission intends to use the bulk of its budget to prevent surpluses rather than to dispose of them. Dissuasive measures such as compulsory distillation will be reinforced with national quotas and lower prices.

The commission adopted Mr Steichen's proposals at a meeting in Brussels yesterday. The next step is to seek approval from the Council of Ministers from the 12 member states.

The EC wine surplus was estimated at 37m hectolitres in 1992-93 on a harvest estimated at 192.7m hectolitres. Mr Steichen declined to forecast the 1993-94 wine harvest.

Although some 50,000 hectares of vineyards a year are being dug up under EC-funded schemes, mostly in Italy, France and Spain, the vines are often the oldest and least productive.

Russia lifts farmers' grain prices

By John Lloyd in Moscow

THE RUSSIAN government yesterday agreed to pay their farmers Rb500,000 (\$50) a tonne for state grain purchases this year - a 25 per cent rise on their previous offer of Rb445,000 a tonne but well short of the farmers' demand of Rb510,000 a tonne.

However, Mr Victor Chernomyrdin, the prime minister, said the price should be indexed to inflation, according to the official news service Itar Tass.

Tass quoted Ms Lira Rosenova, head of the state pricing committee, as saying that food prices would go up 1.7 times if grain were bought at Rb500,000 a tonne and 2.5 to 3 times at Rb510,000 a tonne.

The government is relatively optimistic on this year's harvest, forecasting a substantial rise on last year's 106m tonnes. Mr Victor Khlushtin, the agriculture minister, said in Moscow earlier this week that the yield was higher this year and the harvest might be as high as 110m tonnes.

On government figures, some 2m hectares have been harvested so far, 1m ha down on the same time last year. So far 7.1m tonnes have been threshed, down 1.7m.

Russia bought some 25m tonnes of grain from abroad last year, and ministers are hoping that it will be less this year. Mr Khlushtin told the cabinet yesterday that, "given favourable conditions", purchases should be limited to soybeans and maize.

Norway takes first, wary steps towards EC

Sentiment is still tilted in favour of the anti-accession faction, writes Karen Fossli

EARLIER THIS month Norway submitted two of its three most crucial position papers - fisheries and agriculture - to Brussels, kicking off an arduous process of negotiations to accede to membership in the European Community.

Norway's economy is healthy and it possesses a base of natural resources - fish, oil and natural gas - which would allow the community to become more self-sufficient and diversified in these areas.

So-called exploratory talks on fisheries have been held between Oslo and Brussels but negotiations on that sensitive issue and another, agriculture, will not begin in earnest until after Norway's general elections on September 13 are out of the way.

"The outcome of negotiations in this area (fisheries) will play a decisive role in determining public attitude on Norwegian accession to the community," says Mr Jan Henry T. Olsen, the fisheries minister.

Mrs Gro Harlem Brundtland, the prime minister, has given a virtual veto on the EC issue to Mr Olsen, who has a strong anti-EC record. The minister says he can only recommend membership to the electorate if Norway's demands on fish are met.

The third most important issue in the negotiations is energy. Norway, western Europe's biggest oil producer and the third biggest supplier of natural gas to the community, has not yet spelled out energy demands in a position

paper. It has expressed strong disagreement of the community's plans to introduce an oil and gas licensing directive when Norway is struggling to convince a resistant electorate of the benefits of EC membership.

Mrs Brundtland said recently that the Oslo government did not view the proposal as a very positive move. "The situation reminds us of 1972 when the EC adopted a fisheries policy shortly before Norway was going to make the decision on whether or not to become a member of the community. That move in itself had a considerable impact on the Norwegian referendum."

More than 90 per cent of Norway's petroleum exports and all of its natural gas make their way to the community, accounting for 15 per cent of the EC's total supply of oil and gas.

After twice having membership applications rebuffed in 1961 and 1967, Norwegian voters rejected entry in 1972. Sentiment on accession is still tilted in favour of a robust anti-EC faction.

In Norway's two position papers, it has demanded special arrangements for fisheries and agriculture to help ensure its policy of strategic distribution of population is maintained. Any changes in community policy on issues that would affect Norway should be postponed until the country makes up its mind on membership, Norway says.

On fisheries, Norway believes it is important that it be allowed to continue its man-

agement regime, which ensures adequate control and sustainable management of all marine resources and aquaculture activities, minke whales notwithstanding.

Repeatedly Mr Olsen has warned Brussels that Norway has no fish to give away. But under the European Economic Area trade pact between the EC and the European Free Trade Association, of which Norway is a member, Norway has agreed to a gradual escalation of fishing quotas to the community for cod, which will reach 11,000 tonnes by 1997, under the regime.

Brussels officials say there were no surprises in Norway's position paper on fisheries, but there is a view that it may be "preaching" on the issue. The present annual volume of exchanges of fish quotas between Norway and the EC are up to 300,000 tonnes each way. In Norway's view, the principle of relative stability constitutes an essential means of ensuring a satisfactory quota system. It also wants the 12-mile coastal zone to be maintained at least until 2002.

Norway wants arrangements to ensure that fishing entitlements remain at the disposal of the member states to which they have been allocated. It is also demanding free access to EC markets for all its fish and fish products from the date of membership, planned for January 1, 1995.

The country has some 27,000 fishermen and exports about Nkr16bn (\$1.45bn) worth of

fish a year. Officials estimate that free access to the EC market could save Norway's fishing industry about Nkr800m a year. Mr Olsen has expressed concern over EC fishermen seeking to gain access to Norway's fish by buying up the country's fishing fleets. He points out deficiencies in the EC's resource management regime and urges Brussels to improve measures on monitoring and control.

"Given the extent and importance of her fishing industry, Norway will have to play a major role in the development of the (community's) common fisheries policy," he says.

On agriculture, Mrs Grahilde Oeyangyan, Norway's agriculture minister, says that Norway is not seeking derogations from the community's rules, but special arrangements will be required to ensure that the EC's common agricultural policy is adopted effectively by Norway. Last February Norway's parliament approved new guidelines for agricultural policy to promote a more market-oriented sector through cost-efficient use of capital and resources while pursuing a balance between supply and demand.

Norway's main problem in this area is that its producer prices are twice as high as those in the community, partly because it insists on maintaining an agricultural structure capable of ensuring the viability of rural communities in all parts of the country.

Mrs Oeyangyan says that adjustment to the present EC price and acreage support level

would involve a considerable drop in income for grain producers. "If farmers in these areas turn to livestock production, this would have serious negative consequences for farmers already engaged in livestock production in other areas," she warns.

Because of this Norway is demanding "special solutions" to keep areas from lying fallow. "An adjustment to the EC price level will require transitional arrangements," Mrs Oeyangyan says. Community officials view Norway's position on agriculture as not comprising an insurmountable obstacle and have suggested that the common agricultural policy will have to be examined thoroughly to see how it could benefit Norway.

"We need to identify what gap would be left in funds to Norway when it complies to the CAP," they say. "Will new measures be required, will the use of other EC funds be possible; will aspects of the competition policy be able to benefit Norway?"

However, on energy Norway is stalling on signing the European Energy Charter for co-operation with central and eastern European countries until it is given assurances by the community that it can retain its sovereign right to ownership of its resources.

"There should be room for such a policy in an all-European, broad-based multilateral arrangement. If so, Norway for its part would be able to conclude the European Energy Treaty negotiations," Mrs Brundtland said recently.

'Abyss looms' as tin hits fresh 20-year low

By David Blackwell

THE NIGHTMARE for tin producers worsened yesterday as prices on the London Metal Exchange fell to fresh 20-year lows. The move followed a decisive break through \$5,000 a tonne - below most mines' production costs - for three-month metal on Wednesday.

Overnight the price fell to a low of \$4,512.50 a kilogram in Kuala Lumpur, where traders blamed selling from China and Brazil, high stock levels and no consumer interest.

Three-month tin closed last night at \$4,955 a tonne, down \$20 on the day and \$92.50 on the week. At the beginning of the year the price was above \$6,000 a tonne.

Analysts painted a bleak picture for tin yesterday. "The abyss looms," said one, "while another described the market as 'on its knees'."

Anglo reduces gold hedging

By Philip Genth in Johannesburg

ANGLO AMERICAN Corporation, the world's largest gold producer, yesterday disclosed for the first time detailed information about the extent of its hedging operations.

Mr Clem Sunter, chairman of Anglo's gold and uranium division, said there were two reasons for this change of stance: the group had achieved its hedging targets, and it was no longer heavily involved in the market, and had not been since April. As a result, he said, shareholders' interests would no longer be prejudiced by the release of such information.

Mr Sunter highlighted two main achievements of the hedging programme to date. First, it had kept marginal areas going at full production. He said this accounted for about 50 tonnes of gold annually. Second, it had helped

Anglo reduces gold hedging

By Philip Genth in Johannesburg

responding to heightened shareholder interest in the extent of a mine's forwards sales following the recent surge in the gold price.

Figures released by Anglo - which produces about 270 tonnes of gold a year - show that its producers have, in the year to June 1993, sold forward 24.3 per cent of their production, at average prices ranging from \$370 to \$400 a kilogram. The gold price is now just under \$420 a kilogram.

Slightly lower portions of production have been sold forward in the year to June 1992, generally in the \$400-450 a kilogram bracket. Smaller portions again have been sold in the year to June 1991. Mr Sunter highlighted two main achievements of the hedging programme to date. First, it had kept marginal areas going at full production. He said this accounted for about 50 tonnes of gold annually. Second, it had helped

Anglo reduces gold hedging

By Philip Genth in Johannesburg

keep all the group's major capital expenditure projects on track by ensuring that they had suitable tax shields. This accounted for about 60 tonnes of annual production. Hedging had thus served as an insurance policy to keep 110 tonnes a year of production in place, protecting 70,000 jobs in the process. Mr Sunter said that even if the gold price rose, he felt very happy to have secured 110 tonnes of production, worth about \$4.4bn at current prices.

Looking ahead, he said that now that the group had moved from the "low to the middle playing field", it would be securing forward positions on a lower percentage of its production. Previously Anglo has said that it would never have more than 50 per cent of production hedged at any one time. Mr Sunter added, however, that the group had no intention of buying back its outstanding positions.

MARKET REPORT

GOLD was fixed in the afternoon only 15 cents a troy ounce higher than its morning opening on the London bullion market, reflecting a minor rally after speculative selling on the Comex opening. It was fixed at \$389.15 a troy ounce after the market had tested the key \$388 support level, before buying on the dips lifted prices back above \$390. After its sell-off the previous night, New York opened with speculator selling and prices quickly fell, putting the second key support at \$387.50 apparently under threat. Dealers cited higher than expected US jobs claims adding to the

speculators' already nervous disposition. New York COFFEE prices were higher at mid-session. Analysts said that a lack of follow through to an early breach of 71 cents was seen as positive and sparked mixed covering of short positions assumed on the recent slip from eight-month highs.

ALUMINIUM prices showed some downside resilience on the LME, against a growing perception that the long down-trend is over. Dealers said the imminent expiry of the labour contract at Alcan's Kladno smelter might not lead to an immediate strike.

Compiled from Reuters

London Markets

SPOT MARKETS

Grade of (per barrel FOB) (p) + or -

Dubai \$14.15-14.16 +0.45

Brent Blend (fixed) \$16.50-16.52 +0.25

Brent Blend (fixed) \$16.50-16.52 +0.25

WTI (1st oil) \$17.48-17.50 +0.40

Oil products

90/100 petrol delivery per tonne CF \$185-187 -1

Oct 28 185-187 -1

Heavy Fuel Oil \$50-51

Naphtha \$180-181

Petroleum Argus Estimates

Gold (per troy oz) \$390.5 -0.1

Silver (per troy oz) \$408.5 -0.5

Platinum (per troy oz) \$965.25 -0.00

Palladium (per troy oz) \$137.50 -1.00

COCOA - LME

Close Previous High/Low

Jul 748 752 758 760

Sep 757 760 767 772

Oct 765 770 777 783

Nov 777 784 791 796

Dec 780 786 793 797

Jan 789 791 795 798

Feb 817 824 825 825

Mar 827 834 838 838

Apr 835 842 846 846

Turnover: 3150 (2000) lots of 10 tonnes

KCOO indicator prices (5000 lbs per tonne). Daily price for Jul 21 777.78 (774.17) 10 day average for Jul 22 772.50 (768.93)

DOFFER - LME

Close Previous High/Low

Jul 977 972 975 985

Sep 1020 1017 1020 1030

Oct 1009 1008 1008 1008

Nov 1008 1008 1008 1008

Dec 1008 1008 1008 1008

Jan 1008 1008 1008 1008

Feb 1008 1008 1008 1008

Turnover: 1000 (1000) lots of 5 tonnes

KCOO indicator prices (5000 lbs per tonne). Daily price for Jul 21 1008.00 (1008.00) 10 day average for Jul 22 1008.00 (1008.00)

SUGAR - LME

Close Previous High/Low

Oct 283.10 282.20 283.10 280.50

Mar 287.50 286.20 287.50 284.50

White 301 (850) 301.50 301.50 301.50

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LONDON METAL EXCHANGE

Close Previous High/Low

Aluminium 99.7% purity (\$ per tonne)

Oct 1108.4 1107.4 1108.4 1108.4

3 months 1221.2 1221.2 1221.2 1221.2

Copper, Grade A (\$ per tonne)

Oct 1908.1 1908.1 1908.1 1908.1

3 months 1908.1 1908.1 1908.1 1908.1

Lead (\$ per tonne)

Oct 302.5 302.5 302.5 302.5

3 months 302.5 302.5 302.5 302.5

Oct 405.5 405.5 405.5 405.5

3 months 405.5 405.5 405.5 405.5

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3 months 405.5 405.5 405.5 405.5

Oct 405.5 405.5 405.5 405.5

NEW YORK

Close Previous High/Low

Gold 1000 troy oz \$1900.00

Oct 1900.00 1900.00 1900.00 1900.00

3 months 1900.00 1900.00 1900.00 1900.00

Oct 1900.00 1900.00 1900.00 1900.00

3 months 1900.00 1900.00 1900.00 1900.00

Oct

FT-SE Actuaries Share Indices THE UK SERIES

get for the Footsie to 3,000; the other factors include a bias towards fiscal tightening under the new chancellor of the exchequer, poor corporate dividend growth and the weakness of Mr Major's government. However, Mr Grubb is holding his twelve-month Footsie target at 3,200.

The stock market's concern over the domestic political

only the outcome of last night's crucial parliamentary debate but also the challenge to Maastricht pending in the UK courts and also the likelihood of a drubbing for the government at next week's by-election at Christchurch, in Dorset.

Across the broad range of UK equities, the store and consumer sectors, restrained by uncertainty over outlook for profits, made only a modest response to this week's indication that economic recovery continues to boost spending in the high street. The brightest features came among the international blue chips.

First Dealings:	Jul 10	Jul 10	Aug 2
Options Dealings:	Jul 20	Jul 20	Aug 12
Last Dealings:	Jul 30	Jul 30	Aug 13
Annual Day:	Aug 20	Aug 20	Aug 23

Next time challenges may take place from

been overdone. The shares closed 29 higher at 414p. The company warned on Wednesday that pre-tax profits and earnings per share for the year to September this year would be lower than market expectations, although still ahead of

Television stocks continued to make gains. Scottish moved up 3 to 519p; Yorkshire-Tyne Tees gained 5 to 203p; Central made the same advance to close at 1963p and Carlton Communications put on 3 to 7333p. Anglia, which was boosted the previous day by a

buy note from NatWest Securities, added 6 to 331p.

MARKET REPORTERS:
Joel Kibazo,
Christopher Price,
Christine Buckley.

Other statistics, Page 23

Shorts* (Lots up to Five Years)	Notes	Price £	+ or -	1993
			high	
ending 6pc 1993++		106	100%	6
ending 13+pc 1993++		102%	106%	10
8+pc 1994		107 1/2	102 1/2	10

[illegible]

15pc 1997	1261	+32	1321	12
94pc 1998	1110	+23	1132	10
74pc 1998 A++	1071	+23	1093	9
74pc 1998 A++	1071	+23	1093	9
74pc 1998 B++	994	+23	1017	8
64pc 1999-00	954	+23	1001	7
14pc '96-1	1261	+23	1284	12

Year	1999	2000	2001	2002	2003
10 ⁴ pc	116.3	117.3	117.3	117.3	117.3
10 ⁴ pc	114.1	114.1	114.1	114.1	114.1
10 ⁴ pc	109.5	109.5	109.5	109.5	109.5
10 ⁴ pc	128.4	128.4	128.4	128.4	128.4
10 ⁴ pc	113.9	113.9	113.9	113.9	113.9
10 ⁴ pc	113.9	113.9	113.9	113.9	113.9
10 ⁴ pc	103.1	103.1	103.1	103.1	103.1

ACROSS

1 The gambler's champion (6)
4 Ill-bred creatures demanding longer break in writing (8)
6 Buffet having difficulty pro-

- 1 A guy will go about one with all speed (5)
- 2 Remove the outer covering from the port (4)
- 3 Battle over a marriage contract? (10)
- 5 The bitterness of a metropolitan area without state backing (7)

too many (6)
 9 Priest forming a band (8)
 1 A top journalist under some
 strain (7)
 3 Go carefully through a list
 that may be opposed (10)
 5 Take the plunge in a shady
 spot (4)
 7 The defence is elsewhere (5)
 8 Arrange a merger and get it
 near settlement (9)

9 No longer ministered to for long (8)
0 Anything but old-fashioned about cash (8)

JOTTER PAD

Circumstance	Percentage (%)
If someone is attacking you	85
If someone is threatening you	75
If someone is harassing you	65
If someone is insulting you	55
If someone is annoying you	45

FT-A ALL-SHARE				
1399.44 +2.69				
1990 % Return	Earnings yield %	P/E Ratio	Adj ytd	Total Return
4.08	5.98	20.81	54.68	1615.81
3.78	8.08	20.37	58.74	1145.33
3.88	6.50	19.23	61.30	1148.25
3.50	6.00	20.71	61.15	1042.00
3.46	4.27	32.77	25.35	1221.54
3.38			66.38	1081.49

3.96	5.80	21.19	25.59	1051.69
3.97	4.22	31.51	21.04	1177.38
4.47	3.72	37.88	21.25	1208.28
3.58	1.42	80.00†	14.25	1275.78
3.58	5.00	25.84	86.90	1188.42
1.11	6.02	20.48	61.50	1215.07
3.60	‡	‡	8.81	1417.05
3.73	8.17	20.10	11.06	1158.41
2.51	‡	‡	6.08	1377.32

1.10	4.42	31.70	5.06	1106.96
1.12	5.41	22.18	5.05	1080.80
1.05	7.12	17.09	28.44	913.68
1.03	8.51	14.21	41.62	893.70
1.08	7.88	15.29	27.47	960.96
1.44	9.53	13.81	47.81	848.29
1.84	6.84	17.08	43.19	781.06
1.48	6.25	19.70	36.08	1083.94
1.64	5.16	23.48	28.36	1089.39
1.81	5.98	20.94	13.64	1083.63
1.12	6.02	21.30	18.39	1008.20

3.32	7.36	18.48	27.79	1055.16
4.97	7.43	15.35	27.25	1032.38
6.40	0.29	2	31.19	1073.42
7.88	14.69	29.85	1044.27	
9.94	5.19	24.37	53.82	1080.13
12.51	9.92	52.22	171.58	
15.96	5.96	20.68	8.19	1044.92
18.48	13.63	8.08	106.71	1028.80
21.42	7.34	16.24	48.93	961.27
24.94	5.60	18.61	26.85	1008.48

0.01	3.79	21.68	46.08	1088.90
0.03	6.52	18.81	28.54	1071.85
0.09	3.60	42.98	21.70	1248.35
0.28	4.32	31.92	26.48	1229.53
0.75	4.68	28.88	27.49	1193.63
1.40		†	15.60	1154.02
0.05	5.62	25.24	16.22	1177.62
0.27	8.63	18.72	12.63	1305.89
0.37	4.31	30.86	18.34	1488.09
0.20	5.50	24.34	7.08	1337.21
0.68	3.13	49.08	20.20	1500.08

5.00	5.80	21.19	26.59	1081.06
5.00	16.16	High/day	Low/day	
312.9	2618.6	2820.9	2911.9	
198.7	3200.1	3200.9	3187.7	
809.2	1411.0	1412.4	1408.9	

10.18	Close	Previous close	Change
1798.2	1797.3	1796.5	+1.8
959.0	953.2	948.1	+17.1
1333.9	1333.7	1332.3	+1.4
1742.1	1743.3	1748.4	-6.1

tudies are available from The Financial Times range of electronic and paper-based products contains more stocks. It has been renamed the FT-Actuaries All-Share index is

S - Cont.

Price E	+ or -	1993		Yield	
		high	low	(1)	(2)
134 1/2	—	134 1/2	131 1/2	1.61	0.94
134 1/4	—	134 1/4	131 1/4	1.61	0.94
108 1/2	—	108 1/2	105 1/2	2.22	2.58
167 1/2	+	167 1/2	159	2.72	3.09
163 1/2	+	164	155	2.88	3.19
111 1/2	+	111 1/2	105 1/2	3.00	3.25
171	+	171 1/2	159 1/2	3.82	3.28
155	+	155 1/2	144	3.18	3.40
160 1/2	+	161 1/2	140 1/2	3.82	3.42
132 1/2	+	132 1/2	122 1/2	3.28	3.48
141	+	141 1/2	130 1/2	3.28	3.52
135 1/2	+	135 1/2	124 1/2	3.40	3.54

	113.2	113.7	103.4	3.41	3.54
<p> 113.2 113.7 103.4 3.41 3.54 </p>					

1264	1264	110	10.28	-
1603	15113	1364	8.94	9.14
1374	1374	128	9.84	8.70
381	381	34	9.15	-
34	34	303	8.82	-
1274	122	114	9.46	8.80
8812	8812	634	4.38	7.62
13112	13112	11712	-	4.73
12812	12812	11512	-	4.40
141	1414	1324	11.70	11.29

		6		7		8

Solution 8,208

D	A	R	I	N	G	F	O	R	T	I	E	S
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E	L	O	N	E	R	A	O	I	C	A	T	E
A	E	A	N	C	Q	W						
M	E	R	A	N	C	U	E	N				

O	D	S	R		
UNIC	AMPUTATEO				
C	H	N	I	A	U
AEGAREAN	GORGE				
I	P	N	N		
IDER	CROWSREST				
O	L	A	K	D	E
ARRIESON	ACORN				
I	F	T	T	U	T
XCUTES	SIGETRE				

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[illegible]

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AIG Unit Trust Managers Limited (100%)					
51 Belvedere Rd., Ladbroke, Middlesex W8B 1PZ 0925 299763					
AIG Global Assurance	- 5	132.6	164.0	182.1	0.00
AIG Guaranteed Equity	- 1	202.6	208.2	217.2	+0.96
AIG Overseas China	- 1	164.5	168.3	173.9	-0.70
AIG Overseas One Stock	- 3	180.3	182.8	186.0	-3.66
AIG Overseas USA	- 3	79.1	73.5	61.6	-0.00
AIG Global Japan	- 8	174.1	173.7	185.0	-0.20

AAA Equity & Law Unit Test Rings (1200)H						
Equity & Law Hse, Corp		OL. Currency		6833 565237.		
General Inc	5	412.0	431.3	448.2	+1.2	2.51
General Inc	5	402.2	422.1	439.2	+1.2	2.51

After Cost	0	84.00	265.03	92.87	+0.18	1.35																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
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International Port	4	98.00	97.82	62.02	10.00	14.87
International Trust Management Ltd (000000)						
Shanghai, London	ES28	30.5	67	410	0.177	
Open Street Co	6	120.2	120.0	120.5	49.3	-
Open Street Co	6	120.4	120.4	120.4	37.6	-
Open Street Co	6	147.8	147.8	147.8	18.2	-
Open Street Co	6	147.8	147.8	147.8	18.2	-
Supplementary Unit Fund Mgrs (100000)						
Shanghai, London	ES28	28.5	67	377	0.515	
Int'l Inc 10	5	161.1	160.3	174.0	2.28	
Int'l Inc 10	5	174.4	175.4	194.1	13.28	

[illegible]

	1994	1995	1996	1997	1998
Europe Area	54	115.1	115.7	122.2	124.0
Asia Area	54	117.2	117.2	124.4	119.9
Accum. U.S. \$	54	21.23	21.23	22.57	21.95
Perf. Scholar Cnt.	54	21.23	21.23	22.57	21.95
French Growth	54	115.1	115.1	122.2	124.0
Accum. U.S. \$	54	21.23	21.23	22.57	21.95
Perf. Scholar Cnt.	54	21.23	21.23	22.57	21.95
Heavy Reg. & Chn. Ind. Growth	54	21.23	21.23	22.57	21.95
Accum. U.S. \$	54	21.23	21.23	22.57	21.95
Perf. Scholar Cnt.	54	21.23	21.23	22.57	21.95
Japan Perf.	54	34.77	34.77	36.13	34.19
Accum. U.S. \$	54	34.77	34.77	36.13	34.19
Perf. Scholar Cnt.	54	34.77	34.77	36.13	34.19
Japan Smaller Cos.	54	39.03	39.03	41.50	40.02
Singapore ASGN	54	39.03	39.03	41.50	40.02
Accum. U.S. \$	54	39.03	39.03	41.50	40.02
Perf. Scholar Cnt.	54	39.03	39.03	41.50	40.02
SE Asia	54	22.11	22.11	24.54	23.95

TIME: The flow shown alongside the fund member's name in the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (P) - 0001 1100 hours (4) - 1101 to 1400 hours; (4) - 1401 to 1700 hours; (4) - 1701 to 2000 hours. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

55 Life Assurance and Unit Trust Regulatory Organisation, Gresham Place, 183 New Oxford Street, London WC1A 1NH Tel: 071-379-9444.

[illegible]

Singer: 0277 227300		Dawling:	
	AES European	5	104.20 104.90
05 2585	AES Int American	8	99.01 99.49
12.60	AES Int Bond & Gov	6	128.49 128.60
	AES Int Corporate F	7	116.64 116.77
	AES Int General	8	113.70 113.77
	AES UK Company	8	113.70 113.77
0000	Stamps: 0277 227300		
0.07	Stamps: 0277 227300		
0.07	Stamps: 0277 227300		
3.88	Stamps: 0277 227300		
2.82	Stamps: 0277 227300		
1.78	Stamps: 0277 227300		
1.41	Stamps: 0277 227300		

0.27	28.018
-0.49	1.01
+0.18	1.03
-0.58	6.57
-0.01	1.06
+0.48	12.83
0.05	
0.27	30.03
-0.83	4.57
+0.80	2.96
+0.31	2.2
-0.67	0.64

INITIAL CHARGE: _____ HISTORIC PRICING: _____

OFFER PRICE: Also called issue price, the

CANCELLATION PRICE: The minimum

practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often not above the conversion price. However, newspapers are the most recent provided by the managers.

CHARLES HARTMAN AND ANNA

TIME: The flow shown alongside the fund

1401 to 1700 hours; (e) - 1701 to midnight.
Daily salaries will be set on the basis of the

[illegible]

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

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FT MANAGED FUNDS SERVICE[illegible]

CANADA

Sales	Stock	High	Low	Close	Chg	Sales	Stock	High	Low	Close	Chg	Sales	Stock	High	Low	Close	Chg	Sales	Stock	High	Low	Close	Chg
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4 pm close July 22	118	Domestic Inc	310-22	10-2	10-2	1-4	540	Wheaton Inc	320-22	20-2	20-2	100220	SHC Syst	315-18	13-2	13-2
	60	Domestic Inc	35	8	8	1-3	50	Magna Int'l	SSO	90	60	1000	SNC Group	315-18	18-2	18-2
	2200	Du Pont A	\$45	44	45	1-4	600	Nippon L Fds	313-34	13-2	13-2	260	Sonoma Gld	27	27	27
Quotations in cents unless marked B	132	Dynalene-A	77	63	63	1-4	180	Marlin TAT	321-36	21-2	21-2	83	Southam	317-20	17-3	17-2

14900	Air Cdn	350	335	340	1300	Bank Ltd	13 1/8	13 1/8	13 1/8	66850	MidWest	55 1/8	55 1/8	55 1/8	250494	TatamEn	S26	25 1/4	25 1/4
290	Albair	519 1/2	19 1/2	18 1/2	100	Empire X	51 3/4	13 1/8	13 1/8	233585	Mitel Corp	57 1/4	71 1/4	71 1/4	102439	Tech B	S19 1/2	19 1/4	19 1/4
1400	AlbairS	517 1/4	17 1/4	17 1/4	100	Euro Nev	52 1/4	29 1/4	29 1/4	185305	Molson A	52 1/4	71 1/4	71 1/4	11000	Tenlob	81 1/4	15 1/4	15 1/4

3142	Bk. Monst'7	\$26 1/2	26 1/2	26 1/2	1 1/4	\$10 1/4	Fel. Nona A	\$14 1/4	14 1/4	14 1/4	193	Nat. Bk. Can	\$10 1/2	10 1/2	10 1/2	-1/8	33421	Torstar B	\$22	21 7/8	22
100706	Bk. Monst. Fo	\$26 1/2	26 1/2	26 1/2	1 1/4	1820	Fortis	\$26 1/4	26 1/4	26 1/4	14281	Newbrk Gen	\$88 1/4	67	68 1/2	-1/4	194400	Transcan P	\$20 1/8	20 1/8	30 1/8 +
						850	Four Seas	\$17	17	17	19550	Noma Ind A	\$5 1/4	4.85	5 1/4		1499	Transalta	\$15 1/8	14 7/8	15

30	BGR A	\$12 1/8	12 1/8	12 1/8	-1/4	1469	Garron	36 1/2	36 1/2	36 1/2	100550	Nth Yale	\$22 1/2	22 1/2	27 1/4	-1 1/8	6850	Upr A	us2 1/2	20 3/4	20 3/4	
260333	Bombardier x	\$11 3/4	11	11 1/8	-1/8	66100	Golden Gld	59 1/2	59 1/2	59 1/2	54	Norridge	200	185	200	+15	877	Unit Corp	\$31 1/2	31 1/2	31 1/2	
4	Row Value	\$13 1/2	13 1/2	13 1/2	-1/8	183	GoldenStar	\$15 3/4	15 3/4	15 1/2	-1/8	1505	Nova Corp	98 3/4	9 1/4	9 1/4	-1/8	287	UnitDomind	\$16 1/2	16 1/4	16 1/4

7372	BC Tel	\$20 1/2	20	20 1/2	900	BW Unis	\$8	8	8	50	Onex Corp	\$12 1/2	12 1/2	12 1/2	48700	Western Geo	\$42 1/2	42 1/2	42 1/2
70	Brumcor	\$21 1/2	21 1/2	21 1/2	530	Harris A	\$9 1/2	9	9 1/2	347	Oshawa A	\$23	22 1/2	22 1/2	80	WVC B	\$15 1/2	15 1/2	15 1/2
400	Brumwick	\$7 1/2	7 1/2	7 1/2						800	PWA Corp	\$77	77	77					

176177	Cambar	\$16 ¹ / ₂	18	18	-1/4	6500	Holinger	\$13 ³ / ₄	13 ¹ / ₂	13 ¹ / ₂	59	Phelps	59	8	9	
29002	Cambridge	\$15 ¹ / ₄	15 ¹ / ₄	15 ¹ / ₄		125	Horne Oil	\$18 ¹ / ₂	18 ¹ / ₂	18 ¹ / ₂	340	Pioneer Mt	44	44	44	
70	Carnece	\$21 ¹ / ₂	21 ¹ / ₂	21 ¹ / ₂		75	Hornstam	\$15 ¹ / ₂	15 ¹ / ₂	15 ¹ / ₂	473843	PlacerDore	\$24 ³ / ₈	24 ³ / ₈	24 ³ / ₈	-1/2

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1200	Chesapeake	\$29	28 $\frac{1}{2}$	28 $\frac{1}{2}$	78	Invest Grp	\$30 $\frac{1}{2}$	30 $\frac{1}{4}$	30 $\frac{1}{2}$	58405	Harb Seacoast	\$30 $\frac{1}{2}$	28 $\frac{1}{2}$	28 $\frac{1}{2}$	2750	Laurens	\$5 $\frac{1}{2}$	5 $\frac{1}{2}$	5 $\frac{1}{2}$
15054	Carrier	\$35 $\frac{1}{4}$	34	34-1 $\frac{1}{4}$	71	haco A	500	500	500	50	Reap Ent	460	460	460 +75					
1650	CoPeForest	\$19 $\frac{1}{2}$	19 $\frac{1}{4}$	19 $\frac{1}{2}$						25010	Rigel En	\$18	18 $\frac{3}{4}$	18 $\frac{3}{4}$	7603	Dominat A	\$10 $\frac{3}{4}$	10 $\frac{1}{2}$	10 $\frac{1}{2}$

[illegible]

28100	CascanDev	8190	170	190	1000	Laurent Ip	55 1/2	6 1/2	8 1/2	170	Scotts Hoc	58 1/2	8 1/2	8 1/2	4918	Videotron	\$23 1/8	23	23
50	Crown A	325	325	325	-10	270469	Lowson Mar	45 1/8	9 1/8	9 1/8	63667	Seagram Co	\$23 1/4	33	33	Total Sales 11,258,677 shares			

INDICES

	22	21	20	19	HIGH	LOW	HIGH	LOW	AUSTRALIA						
Industrials	3555.40	3544.70	3535.28	3528.29	3555.40	3241.55	3555.40	41.22	All Ordinaries (1/1/80)	1802.6	1818.5	1808.1	1796.2	1818.50 (2/17)	1495.00 (1/31)
									All Minors (1/1/80)	835.8	843.5	841.5	836.3	856.70 (1/27)	684.70 (1/31)

Transport	15/3.21	1558.94	1547.57	1548.92	1663.06	1483.84	1883.05	12.32	1680.00 (21/8/1)	922.25	972.57	903.95	896.77	933.25 (22/7)	712.06 (15/1)
Utilities	248.84	245.85	246.18	245.12	247.58	217.14	184/48/0 (16/1)	8/7/32 247.68 10.50	BELGIUM 80.20 (1/1/91)	1307.58	13	1313.21	1370.47	1331.33 (15/7)	1125.46 (4/7)

STANDARD AND POOR'S									
Overseas \$	467.18	467.31	465.03	465.75	459.33	459.05	458.38	460	

Financial	45.54	45.52	45.65	45.89	46.67 (13/4)	39.89 (2/1)	46.87 (13/4/95)	8.64 (1/10/74)	Entrepreneur FAZ Aktien (31/12/98) Commerzbank (1/12/93)	707.24 2011.6	706.83 2008.8	710.52 2024.4	708.24 2021.6	710.52 (20/7) 2024.40 (20/7)	598.92 (14/1) 1854.30 (14/1)
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[illegible]

	July 10	July 9	July 8	Year Ago Equivalent
Dow Industrial Div., Yield	2.96	2.90	2.86	2.13

S & P Impl. FFE ratio	23.37	24.89	17.42	23.49					
KLSE Composite (44/68)	759.76	761.80	745.90	742.30	761.80 (21/7)	614.28 (13/7)			
NETHERLANDS									
Net. Tr. Inv. Com. Fund. 18m	361.9	348.1	340.7	352.2	350.30 (12/7)	295.70 (10/7)			

Wednesday	traded	price	on day	July 21	July 20	July 19
Tipstock	2,968,100	10 1/2	+ 3/8	New York SE 252,300	275,121	215,850
				Amex 252,300	275,121	215,850

Unit Inc	2,486,800	25 1/4	- 4 1/2	WTC	2,581	2,580	2,580	SOUTH AFRICA						
Seers Feedback	2,452,200	49 3/4	- 1/4	Issues Traded	804	870	854	JSE Gold (28/9/78)	1810.00	1861.0	1875.0	1928.0	2092.00 (7/7)	775.00 (5/7)
R.B. Mahoney	2,388,900	5 1/4	-	Flows				JSE Industrial (28/9/78)	4545.00	4568.0	4579.0	4608.0	4719.00 (6/7)	4333.00 (1/2)

Spain	2112/00	32%	4	9	New Louis	37	35	42	SPAIN							
									Madrid SE 03/12/88	258.89	258.21	259.11	257.85		264.92 (22/8)	215.60 (4/1)
									BRUSSELS							

TORONTO	July	July	July	July	1983		SBC Bank Ind. (11/12/83)	1020.2	1012.4	1009.0	1018.8	1048.60 (13/7)	984.80 (11/1)
	22	21	20	19	HIGH	LOW							
							SBC General (1/4/82)	807.4	783.9	796.9	815.3	827.90 (13/7)	878.70 (11/1)

MONTEAL Portfolio	1836.01	1850.70	1840.54	1877.17	1838.10 (25/8)	1730.97 (21/1)
WORLD						
M.S. Capital Int'l 1/1/70 =	587.2	565.6	565.6	567.6	570.30 (2/8)	485.60 (11/1)

*Calculated at 15.00 GMT

TOKYO - Most Active Stocks
Thursday, July 22, 1993

Sharp Corp.	4.7m	1,350	+10	Nissenshu	2.9m	18	-1
Mitsubishi E Ind.	3.8m	1,220	+50	Toku Railway	2.8m	806	+9
NEC Corp.	3.5m	1,010	-10	Tatsumi Ind Co.	2.8m	787	+17
Rohm & Co. Ltd.	3.3m	1,040	-30	Mitsubishi Motors	2.6m	858	

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Belgium	BFR 12.500	Germany	DM 700	Netherlands	DFL 540	Sweden	SEK 2.500

Unit	Estimate/Printed Name	Expiry Date	Signature	Date
			No. under stamp without a signature.	FI

EAR MORE THAN FINANCE

4 pm close July 22

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

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VAC

VAG Aktiengesellschaft
VAG-Service-Bereich AG
D-5300 Bonn
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Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page									
- S -									
22	154	S. Pacific Inc.	1.36	77	116	174	174	174	174
23	155	S. Pacific Corp.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
24	156	S. Pacific Corp.	1.27	44	21	138	205	165	165
25	157	S. Pacific Corp.	1.27	44	21	138	205	165	165
26	158	S. Pacific Corp.	1.27	44	21	138	205	165	165
27	159	S. Pacific Corp.	1.27	44	21	138	205	165	165
28	160	S. Pacific Corp.	1.27	44	21	138	205	165	165
29	161	S. Pacific Corp.	1.27	44	21	138	205	165	165
30	162	S. Pacific Corp.	1.27	44	21	138	205	165	165
31	163	S. Pacific Corp.	1.27	44	21	138	205	165	165
32	164	S. Pacific Corp.	1.27	44	21	138	205	165	165
33	165	S. Pacific Corp.	1.27	44	21	138	205	165	165
34	166	S. Pacific Corp.	1.27	44	21	138	205	165	165
35	167	S. Pacific Corp.	1.27	44	21	138	205	165	165
36	168	S. Pacific Corp.	1.27	44	21	138	205	165	165
37	169	S. Pacific Corp.	1.27	44	21	138	205	165	165
38	170	S. Pacific Corp.	1.27	44	21	138	205	165	165
39	171	S. Pacific Corp.	1.27	44	21	138	205	165	165
40	172	S. Pacific Corp.	1.27	44	21	138	205	165	165
41	173	S. Pacific Corp.	1.27	44	21	138	205	165	165
42	174	S. Pacific Corp.	1.27	44	21	138	205	165	165
43	175	S. Pacific Corp.	1.27	44	21	138	205	165	165
44	176	S. Pacific Corp.	1.27	44	21	138	205	165	165
45	177	S. Pacific Corp.	1.27	44	21	138	205	165	165
46	178	S. Pacific Corp.	1.27	44	21	138	205	165	165
47	179	S. Pacific Corp.	1.27	44	21	138	205	165	165
48	180	S. Pacific Corp.	1.27	44	21	138	205	165	165
49	181	S. Pacific Corp.	1.27	44	21	138	205	165	165
50	182	S. Pacific Corp.	1.27	44	21	138	205	165	165
51	183	S. Pacific Corp.	1.27	44	21	138	205	165	165
52	184	S. Pacific Corp.	1.27	44	21	138	205	165	165
53	185	S. Pacific Corp.	1.27	44	21	138	205	165	165
54	186	S. Pacific Corp.	1.27	44	21	138	205	165	165
55	187	S. Pacific Corp.	1.27	44	21	138	205	165	165
56	188	S. Pacific Corp.	1.27	44	21	138	205	165	165
57	189	S. Pacific Corp.	1.27	44	21	138	205	165	165
58	190	S. Pacific Corp.	1.27	44	21	138	205	165	165
59	191	S. Pacific Corp.	1.27	44	21	138	205	165	165
60	192	S. Pacific Corp.	1.27	44	21	138	205	165	165
61	193	S. Pacific Corp.	1.27	44	21	138	205	165	165
62	194	S. Pacific Corp.	1.27	44	21	138	205	165	165
63	195	S. Pacific Corp.	1.27	44	21	138	205	165	165
64	196	S. Pacific Corp.	1.27	44	21	138	205	165	165
65	197	S. Pacific Corp.	1.27	44	21	138	205	165	165
66	198	S. Pacific Corp.	1.27	44	21	138	205	165	165
67	199	S. Pacific Corp.	1.27	44	21	138	205	165	165

NASDAQ NATIONAL MARKET[illegible]

AMEX COMPOSITE PRICES

Stock	P/E	Div. %	100s	High	Low	Close	Change	Stock	P/E	Div. %	100s	High	Low	Close	Change	Stock	P/E	Div. %	100s	High	Low	Close	Change
Acorn	0	11	33	12	3	8	1/4	Champion	25	20	300	18	17	12	1/4	Heater	0.34	12	2415	35	35	35	1/4
Adair	0.21	33	124	11	12	1/2	Chambers	0.01	142	5	10	5	0	0	Hedra	0.24	21	2415	35	35	35	1/4	
Adco	0.21	33	124	11	12	1/2	Chem	0.36	12	11	10	11	1/4	Heller	0.18	23	2102	14	14	14	1/4		
Adco	0.21	33	124	11	12	1/2	Chem	0.36	12	11	10	11	1/4	Heller	0.18	23	2102	14	14	14	1/4		
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Adco	0.21	33	124	11	12	1/2	Chem	0.36	12	11	10	11	1/4	Heller	0.18	23	2102	14	14	14	1/4		
Adco	0.21	33	124	11	12	1/2	Chem	0.36	12	11	10	11	1/4	Heller	0.18	23	2102	14	14	14	1/4		
Adco	0.21	33	124	11	12	1/2	Chem	0.36	12	11	10	11	1/4	Heller	0.18	23	2102	14	14	14	1/4		
Adco	0.21	33	124	11	12	1/2	Chem	0.36	12	11	10	11	1/4	Heller	0.18	23	2102	14	14	14	1/4		
Adco	0.21	33	124	11	12	1/2	Chem	0.36	12	11	10	11	1/4	Heller	0.18	23	2102	14	14	14	1/4		
Adco	0.21	33	124	11	12	1/2	Chem	0.36	12	11	10	11	1/4	Heller	0.18	23	2102	14	14	14	1/4		
Adco	0.21	33	124	11	12	1/2	Chem	0.36	12	11	10	11	1/4	Heller	0.18	23	2102	14	14	14	1/4		
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Adco	0.21	33	124	11	12	1/2	Chem	0.36	12	11	10	11	1/4	H									


Granite	0.20	82	379	18 $\frac{1}{2}$	10 $\frac{1}{2}$	10 $\frac{1}{2}$	+1 $\frac{1}{2}$
Grand Am	0.02	0	173	$\frac{3}{2}$	$\frac{3}{2}$	$\frac{3}{2}$	
Green AP	0.80255	30	123 $\frac{1}{2}$	21 $\frac{3}{4}$	25	+1 $\frac{1}{2}$	

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FINANCIAL TIMES
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Perrier battle ends with something

(continued)

AMERICA

US equities retreat from record levels

Wall Street

US stock markets retreated from their record highs yesterday morning as share prices eased slightly across the board in modest trading, writes Patrick Harrington in New York.

At 1 pm, the Dow Jones Industrial Average was down 9.50 at 3,545.90. The more broadly based Standard & Poor's 500 was 0.41 lower at 446.77, while the Amex composite was down 0.88 at 432.65, and the Nasdaq composite down 0.33 at 699.75. Trading volume on the NYSE was 149m shares by 1 pm.

Although the Dow broke into record territory on Wednesday, setting a new all-time high of 3,556.40, the advance was neither broad nor particularly convincing. Secondary indices failed to match the Dow's achievement, and the upward movement was primarily the result of late program trades rather than sound buying by investors impressed with the market's fundamentals.

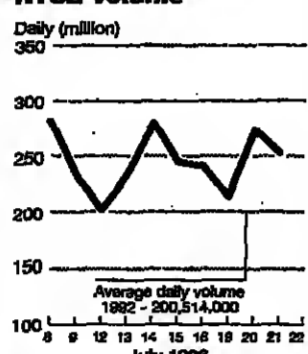
Consequently, yesterday's early declines were not unexpected. Bad news on the employment front, jobless claims rose 2,000 in the week ended July 17, contributed to the gloomy opening. Even a modest rebound in bond prices, which were cheered by positive comments on the inflation out-

look from Mr Alan Greenspan, the chairman of the Federal Reserve, failed to lift market sentiment.

Much of the day's business was dominated by the latest earnings reports, although investors appeared to take most of the results in their stride.

AT&T eased 3% to \$64 1/2 in volume of 4m shares after the

NYSE volume



telecommunications group reported a modest increase in second quarter net income to 77 cents a share.

Compaq jumped 1% to \$50 1/2 after announcing second quarter earnings of \$1.21 a share, more than triple the 35 cents a share earned a year earlier.

cent increase in second quarter profits. BT shares had been close to their all-time highs prior to the release of the banking group's results.

Amoco up 3% at \$53 1/2 but Texaco down 1% at \$61 1/2; both companies posted modest improvements in earnings yesterday.

Delta Air Lines firmed 3% to \$51 1/2 on the news of an impressive earnings recovery. The carrier posted a second quarter profit of \$7.1m, up from heavy losses a year ago.

On the Nasdaq market, MCI Communications eased 3% to \$28 1/2 in volume of 2.2m shares after reporting second quarter earnings of 32 cents a share, up from 26 cents a share in the same quarter of 1992.

Microsoft climbed 1% to \$93 1/2 after the Federal Trade Commission voted not to issue a complaint against the company on allegations that it violated anti-trust laws.

Canada

TORONTO was lower at noon, with weakness in precious metals and the industrial sector contributing to a 15.45 decline in the TSE 300 index to 3,851.92, in volume of 2m shares. Northern Telecom fell 3% to \$28 1/2 in continued response to Wednesday's second quarter loss.

EUROPE

Paris rises late on currency speculation

SELECTIVE strength in late closing bourses, largely in response to currency speculation, was the main feature of the day, writes Our Markets Staff.

PARIS built up strength late in the session as currency speculation resurfaced; the rally was a matter of time before the franc was forced to devalue. Some observers commented that the suspension of the 5-to-10 day lending window and its replacement by a 24 hour repurchase facility was "the last straw" in the government's battle with currency speculators.

This view was not followed by more phlegmatic investors, who felt that there was far too much at risk for European monetary authorities to allow the franc to leave the ERM. Those in this camp maintained that the Bundesbank would make meaningful cuts in interest rates by September, at the latest.

The CAC-40 index, which had earlier seen a day's low of 1,897, ended 18.18 higher at 1,965.72. Turnover was some FF2.6bn.

Among the stocks set for early privatisation, confirmed by the government in an announcement after hours on

Wednesday, Elf Aquitaine gained FF4 to FF396, Rhône-Poulenc lost 10 centimes to FF143.90 and BNP CF's shed FF2 to FF539. UAP, which has a 10 per cent stake in BNP, gained FF3 to FF696.

BSN rose FF17 to FF350 ahead of announcing after the close a fall in first half turnover of some 3.5 per cent; while SocGen put on FF7 to FF605 following its forecast of good half year profits.

ZUKOR continued the rally which began late on Wednesday after the market's consolidation earlier in the week, and the SMI index rose 25.4 or 1.1 per cent to 2,340.5.

Mr Mirko Sangiorgio at Bank Julius Baer in Zurich attributed yesterday's strength to renewed program buying. He expects the market to move sideways over the next few weeks, and does not rule out the possibility of some further volatility. "But over the longer term, I take a more positive view on expectations of a continuing decline in Swiss interest rates," he said.

UBS bearers were in demand rising SF21 to SF1,140 and Roche bearers returned to favour, adding SF180 to SF3,180.

Renewed strong foreign demand helped SMH SF17 or

FT-SE Actuaries Share Indices

July 22	THE EUROPEAN SERIES									
	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close	High	Low
FT-SE 100	1216.54	1215.86	1216.51	1217.20	1217.24	1217.78	1216.89	1217.14	1217.34	1216.54
FT-SE 200	1273.34	1272.42	1273.36	1273.15	1274.06	1274.44	1274.50	1274.33	1274.50	1273.34
FT-SE 300	1212.75	1212.75	1212.75	1212.75	1212.75	1212.75	1212.75	1212.75	1212.75	1212.75
FT-SE 400	1212.75	1212.75	1212.75	1212.75	1212.75	1212.75	1212.75	1212.75	1212.75	1212.75
FT-SE 500	1212.75	1212.75	1212.75	1212.75	1212.75	1212.75	1212.75	1212.75	1212.75	1212.75

7.4 per cent up to SF245 and Alusuisse SF24 or 4.6 per cent ahead to SF2540.

FRANKFURT closed mixed, the DAX index easing a mere 0.29 to 1,823.52 and moving marginally higher in the post-bourse. A little profit-taking was reported in chemicals, balanced by buying in engineering, metals and utilities.

One of the biggest blue chip gains of the day came in Lufthansa, which rose DM4 to DM134.50, up 16 per cent since Mr Robert Willis and Mr Rod Hinkel at SG Warburg Securities recommended the airline on July 6 on the basis of improving immediate performance, accelerated job cuts, increasing cost savings in 1993 and 1994 and an impending solution to the group's unfunded pensions liability.

Turnover eased from DM3.2bn to DM7.5bn. Improved

construction and modernisation prospects for eastern German energy plants left Felten & Guillaume, an energy technology company, up DM25.50, or 6.8 per cent at DM400.50.

AMSTERDAM returned to positive territory, helped by the stronger dollar and renewed buying of cyclical.

The CBS Tendency index ended 1.4 higher at 127.4.

KLM added F1.50 to F133.80 after announcing late on Wednesday that it had reached an agreement with the pilots union on freezing pension contributions, thereby cutting the costs by some F150m. The stock also attracted a broker's upgrade.

The dollar's strength helped Royal Dutch, up F12.30 to F176.80 and Unilever, F1.00 higher at F188.10.

MILAN became clouded once

again by currency concerns, halting attempts at a rally, and Comit index shed 5.80 to 552.97.

The weakness of the lira prompted foreign selling, particularly of telecommunications issues amid impatience over delays to the privatisation programme. Stet dipped L5 to L3,735 in heavy volume.

Montedison, L22 ahead at L702, and Ferruzzi, L20.5 higher at L430, found heavy speculative retail demand.

Toro savings shares succumbed to profit-taking, giving up L386 or 2.8 per cent to L13,212, after this month's strong rally which followed indications from Fiat that it was considering disposals in the insurance sector.

MADRID, like other late closing markets, moved up from earlier lows to close with the general index 0.78 higher at 358.99 on gains in some construction, utility and industrial stocks. Turnover rose from Ptas4.4bn to around Ptas18m.

VIENNA hit a new 1993 high as the ATX index rose 10.68 to 923.25, up 5.3 per cent on the week so far. At Kleinwort Benson, Mr Frank Jonuschak said that fund managers, previously underweight, had been making slight increases in their exposure to the market over the past six weeks.

Devaluation move speeds Karachi bourse recovery

Farhan Bokhari on an eventful week in Pakistan

Yesterday's rupee devaluation of just over 6 per cent by the caretaker government of Pakistan brought fresh impetus to the recent recovery on the Karachi stock exchange, after a bear market extending back to the first quarter of 1992.

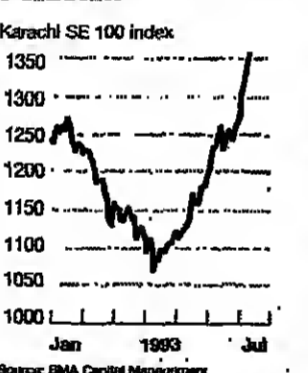
The KSE-100 index closed 34.46, or 2.6 per cent, higher yesterday at 1,354.95, up 8.8 per cent over the week so far. This week's surge also came in response to Sunday's resignations by Mr Ghulam Ishaq Khan, Pakistan's president, and Mr Nawaz Sharif, its prime minister. The KSE-100 index is now 24.9 per cent above its nadir of April 26.

Many brokers believe that the country's period of economic and political turmoil may have come to a conclusion. Mr Wasim Sajjad has taken over as acting president until the November presidential elections and Mr Moen Qureshi, a former vice-president of the World Bank and a respected international economist, has been appointed interim prime minister.

"The market is rising because short term uncertainties are over," says Mr Nasir Ali Shah Bukhari, a leading broker and chief executive of Khadij Ali Shah Bukhari & Co. The new prime minister gave assurances last Monday that the economic direction of the country will remain unchanged, laying to rest fears that Mr Sharif's programme of reforms might be reversed. "The thing that kills investments is uncertainty; now that is over," says another leading broker, Mr Yasin Lakhani.

Many investors hope that Mr

Pakistan



structural adjustment facility. "People expect that the interim prime minister, having been part of the IBRD [International Bank for Reconstruction and Development], a core unit of the World Bank, will be more successful at the consortium," adds Mr Lakhani.

Although the political crisis may have ended for now, some brokers are still concerned about the possibility of a heated election campaign, which could raise fresh fears among investors. That could mean pressure on share prices in the month leading up to the October 8 national elections, prior to the prospect of recovery

when a new government is sworn into office.

The campaign would bring out charges and counter-charges, which might create fears over the future," says one broker. However, he adds, recent assurances from powerful army generals that they will ensure free and fair elections mean that the setback should only be temporary.

But yesterday's devaluation reflected continuing concerns over the economy. Pakistan has just completed a budgetary year with a record deficit of Rp65bn (\$3.6bn), compared with a target of Rp65bn.

Last year's economic growth rate came out at 3 per cent, down from an earlier target of more than 6 per cent.

The heavily weighted textile sector had gains in the market of between 7 and 13 per cent yesterday. Saff Textile advancing by Rp2.50 to Rp35.50 and Gulshan Spinning by Rp2 to Rp26. The industry has been continuing to suffer from large-scale losses, especially in the spinning sector, and almost one-third of the 643 companies listed on the KSE are textile units.

The losses were the result of last year's floods, which left behind damage estimated at Rp50bn to infrastructure and the cotton crop. This year's cotton crop output fell from an expected 12m bales to just under 8m.

Recent monsoon rains have once again caused floods in the past two to three weeks. The cotton crop has not been affected so far but, says a broker, "the monsoon season is still not over."

Tokyo

FUTURES-related trading dominated activity as the trial began of a former "godfather" of the Liberal Democratic party, writes Emilio Terazono in Tokyo.

The Nikkei average gained 34.90 to 20,115.81, after moving between 20,049.90 and 20,152.82. Arbitrage buying linked to the Nikkei 225 futures supported the index, but the Toxix index of all first section stocks shed 2.03 to 1,634.28, reflecting an overall easier tone. In London the ISE/Nikkei 50 index edged up 1.17 to 1,245.10.

Volume remained below 300m shares for the fourth straight session, being estimated at 240m shares, against a previous 254m. Declines led rises by 535 to 418, with 203 issues unchanged.

Traders said that many investors are determined to wait out the current political uncertainty. On the first day of his trial, Mr Shin Kanemaru, a former leading LDP member, denied charges of tax evasion. Meanwhile, the LDP was thrown into turmoil as younger members opposed the proposed selection method for the next party president.

Mr Yasuo Ueki at Nikko Securities said investors will not participate until the political situation was resolved. He added that the downside remained firm as the current levels were unattractive for sellers.

The construction sector lost 0.74 per cent on fears that the Kanemaru trial could implicate leading construction companies. Kajima dropped Y32 to Y760. Hazama, which fell to a

year's low on Wednesday because of its role in a bribery scandal, firmed Y1 to Y445 on bargain hunting.

Overnight support of the high-technology sector on Wall Street encouraged investors, and Sharp, the day's most active issue, moved up Y10 to Y1,390 and Matsushita Electric Industrial Y50 to Y1,320.

Communication issues were firm, the sector rising 1.33 per cent. Nippon Telegraph and Telephone advanced Y12,000 to Y911,000 on reports that NTT Data Communication, its subsidiary, will apply for listing.

Stocks with links to East Japan Railway were mixed. Tobu Railway climbed Y9 to Y866, but Nippon Express lost Y10 to Y1,040 on profit-taking.

Shiseido, the cosmetics maker, retreated Y30 to Y1,400 on reports that a discount retailer will file an anti-monopoly complaint with the PTC against the company's distribution units for cancellations of contracts.

In Osaka, the OSE average slipped 30.33 to 23,145.26 in volume of 23m shares.

Roundup

PACIFIC Rim markets registered mixed performances, although some remained at record high levels.

MANILA posted a second consecutive all-time peak in response to improved market sentiment and the strong performance of Philippine Long

Distance Telephone both locally and on Wall Street. The composite index added 35.09, or 1.5 per cent, at 1,706.96.

PLDT rose 40 pesos to 1,090 pesos after its 32% advance to 33% on Wall Street.

NEW ZEALAND saw a second consecutive three-year high, with the NZSE-40 index 3.44 ahead at 1,732.95, although forestry stocks eased back after their recent strong run.

TAIPEI finished ahead, although off early highs, in response to small deposit rate cuts by local banks. The weighted index ended 25.18 stronger at 3,692.15, after a day's high of 3,697.40.

HONG KONG was undermined by foreign selling by institutional investors worried

about the state of China's economy. The Hang Seng index receded 79.96, or 1.17 per cent, to 6,760.02.

AUSTRALIA traded lower as investors sold blue chips, and the All Ordinaries index finished 15.9 down at 1,802.4. Futures-related trading, easing bullion prices and a lack of overseas buying contributed to the softer market.

SEOUL was depressed by pessimism about the nation's economic prospects and a liquidity shortage, which left the composite index 5.86 lower at 746.56.

BOMBAY was broadly higher on buying by financial institutions and short-covering by speculators. The BSE index put on 38.05 at 2,161.37.

EuroBusiness

JULY/AUGUST 1993

DEMYSTIFYING DIETER BOCK

The story behind Tiny Rowland's successor at Lonrho

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FT-ACTUARIES WORLD INDICES																
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NATIONAL AND REGIONAL MARKETS		WEDNESDAY JULY 21 1993							TUESDAY JULY 20 1993						DOLLAR INDEX	
Figures in parentheses show number of times of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on Day	Green Dot Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1993 High	1993 Low	Year ago (approx)
Australia (69)	140.68	+1.0	137.72	96.49	124.23	137.60	+0.7	3.65	139.24	137.49	96.32	123.72	136.89	144.16	117.39	142.20
Austria (11)	135.47	+0.1	133.17	107.32	138.17	138.21	+0.3	1.40	154.30	152.98	106.06	137.55	137.77	158.47	131.18	155.48
Belgium (42)	150.38	+0.6	147.22	103.13	132.80	130.17	+0.0	4.40	149.54	147.65	102.95	132.86	130.17	156.78	131.18	147.42
Canada (108)	124.14	-0.5	121.53	85.14	109.82	114.84	-0.5	2.92	124.80	123.23	85.43	110.58	115.54	130.38	111.41	127.46
Denmark (33)	214.40	+0.1	209.68	147.05	188.32	191.85	-0.2	1.18	214.13	211.43	148.99	190.25	192.07	225.64	186.11	225.64
Finland (23)	99.58	-0.1	97.87	69.57	89.29	120.80	-0.1	1.01	100.04	98.79	68.49	89.89	120.89	100.92	85.50	74.46
France (87)	150.92	-0.2	147.74	103.50	133.26	137.37	-0.8	3.34	151.24	149.34	103.53	134.37	138.40	187.38	142.72	132.82
Germany (60)	116.82	-0.2	114.58	80.13	103.15	103.15	-0.8	2.05	117.04	115.57	80.14	103.99	103.99	117.10	101.59	121.07
Hong Kong (69)	274.34	+0.2	268.88	186.15	242.27	273.06	-0.2	3.46	274.90	271.44	188.19	244.26	273.70	301.61	218.02	274.34
Ireland (18)	181.47	-0.1	178.07	110.75	142.59	180.28	-0.5	3.44	181.30	179.27	110.42	143.32	161.05	170.40	128.28	168.28
Italy (70)	68.28	-2.4	66.84	46.83	80.29	81.53	-2.3	1.89	68.66	68.07	47.29	82.15	82.15	83.78	72.82	82.71
Japan (470)	149.88	+0.0	146.72	102.79	132.39	102.78	+0.1	0.81	149.94	148.05	102.65	133.24	102.65	155.96	100.75	96.29
Malaysia (69)	343.81	+2.9	336.29	235.69	303.34	339.89	+2.8	1.89	333.87	328.87	228.85	298.64	330.47	349.34	251.65	246.68
Mexico (19)	138.10	-0.9	136.87	105.56	133.09	623.60	-1.0	0.94	152.41	152.86	108.77	379.33	530.15	172.81	150.30	146.05
Netherlands (24)	185.40	+0.1	181.81	113.44	146.06	144.37	-0.1	3.51	185.15	183.07	113.08	145.74	144.91	172.75	142.39	160.56
New Zealand (19)	52.79	+1.8	51.68	38.21	46.82	50.97	+1.0	4.38	51.97	51.32	35.58	46.18	50.48	52.94	40.58	47.49
Norway (23)	158.31	+0.1	155.58	106.89	140.33	158.92	-0.4	1.88	158.82	156.82	106.72	141.11	157.62	166.21	137.71	164.28
Singapore (36)	232.80	+2.3	247.47	173.38	223.23	186.32	+2.1	1.83	247.08	243.97	186.15	216.23	242.72	207.04	200.95	205.95
South Africa (80)	205.00	-0.6	200.68	140.88	181.02	202.30	-0.7	2.59	205.26	203.21	140.82	182.28	203.77	211.77	142.72	188.75
Spain (44)	120.31	-0.3	117.78	82.52	106.24	122.27	-0.4	4.72	120.72	119.20	82.65	107.26	122.82	115.23	137.46	147.46
Sweden (23)	170.52	-0.9	168.95	110.58	130.36	131.31	-1.1	1.57	172.25	169.88	117.78	152.87	163.05	184.06	149.70	184.46
Switzerland (50)	124.46	-0.1	121.54	85.37	103.92	115.82	-0.2	1.87	124.65	123.57	85.33	110.75	114.23	128.35	108.91	109.49
United Kingdom (218)	173.53	+0.5	169.87	109.81	159.22	168.87	-0.2	4.08	172.61	170.43	118.15	125.05	126.07	146.34	117.24	146.34
USA (520)	183.05	-0.1	178.20	125.56	161.85	183.05	-0.1	2.80	183.15	180.04	125.38	162.73	183.15	186.27	138.23	167.37
Europe (751)	143.94	+0.0	140.90	96.72	127.11	135.85	-0.8	3.26	143.91	142.10	96.52	127.87	137.64	148.22	139.92	143.95
Nordic (14)	163.31	+0.2	159.80	111.96	144.15	157.98	-0.7	1.48	164.05	161.98	112.21	145.78	166.11	171.77	142.13	172.80
Pacific Basin (719)	146.35	-0.1	144.26	96.82	126.18	135.88	-0.2	1.88	153.20	151.27	104.88	136.12	135.95	159.07	105.89	100.63
Scandinavia (146)	189.21	+0.0	186.20	102.42	131.02	150.52	-0.1	1.87	189.40	187.50	102.19	132.63	132.05	154.05	117.26	118.78
North America (623)	173.39	-0.1	173.81	123.05	158.44	178.42	-0.1	2.81	179.52	177.42	122.91	151.81	151.81	181.91	126.02	180.73
Europe Ex. UK (93)	125.38	-0.3	122.72	85.98	110.72	113.57	-0.7	2.71	125.77	124.18	86.12	111.77	118.41	124.05	117.51	164.88
Pacific Ex. Japan (254)	167.59	+0.1	163.69	103.68	156.87	173.23	+0.3	3.19	165.81	163.47	127.22	155.11	171.91	194.08	152.70	169.79
World Ex. US (164)	149.82	-0.0	148.75	103.68	156.87	173.23	+0.3	3.19	149.81	148.01	102.63	133.19	123.07	154.27	118.51	120.80
World Ex. Japan (154)	158.70	-0.1	155.36	103.65	141.15	138.57	-0.1	2.10	159.80	158.00	102.63	133.19	123.07	154.27	118.51	120.80
World Ex. Co. Af. (212)	159.82	-0.0	156.45	105.62	141.14	141.01	-0.1	2.29	159.82	157.01	108.42	142.02	141.14	170.45	134.22	131.31
World Ex. Japan (770)	187.34	+0.0	183.61	114.78	147.79	162.97	-0.2	2.96	187.33	185.23	114.96	148.70	163.31	181.24	147.97	159.09
The World Index (2172)	180.02	-0.0	156.85	109.76	141.32	141.52	-0.1	2.29	180.04	158.03	108.57	142.21	141.86	162.86	187.32	135.56
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Constituent changes 22/7/93: Name changes: Z-Landerbank (ord. & pref.) to Bank Austria (Austria). Latest prices were unavailable for this edition.																
Belgian market closed July 21.																